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# THE INDEPENDENT

THURSDAY 9 MAY 1996

40p (IR 45p)



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Your health, Part 3

## UN storm as Israel faces indictment

Britain backs massacre report

DAVID USBORNE  
New York  
and ERIC SILVER  
Jerusalem

A political storm erupted at the United Nations last night after a report which says the Israeli shelling of Lebanese civilians was not an accident went to the UN Security Council. Britain came abruptly to the defence of the UN as it was subjected to fierce criticism from Israel and the United States.

Israeli shells killed more than 100 people when they hit the Qana compound in southern Lebanon on 18 April. The crux of the UN report is that the pattern of impact left by the shells combined with other evidence made it "unlikely" that the shelling of the compound was the result of technical or procedural errors. The report was prepared for the UN Secretary-General, Boutros-Ghali, by two military advisors.

Its publication, on Mr Boutros-Ghali's orders, triggered a diplomatic tempest. Israel continued to dismiss its principle conclusions as "absurd" and the US showered the UN with telephone calls of protest. "I understand that four-letter words were used," remarked a senior diplomat in New York.

There was unexpected support for the UN from Britain, which up until the report's publication had appeared sympathetic to American desires to see it stilled. Sir John Weston, the British ambassador in New York, said: "This is a very disturbing report that needs to be taken seriously and we hope that Israel will respond fully to it". A clear rift had opened yesterday between the US and many European delegations.

Puncturing the normally staid calm of UN headquarters, the secretary-general's spokeswoman, Sylvana Foa, lashed out at the report's critics. "Let's be real clear. The report fulfilled an essential obligation of this or-

ganisation to investigate an incident in which 100 people were killed inside a UN base."

Asked why she had spoken out so forcefully, Ms Foa said she had been "provoked for the last 24 hours. I am sick of all the UN-bashing. I think the report is extremely balanced and extremely objective."

The report provoked a series of telephone calls to the office of Mr Boutros-Ghali from the US mission in New York. Senior sources said some of these were "acrimonious". It was one such that was said to have degenerated to an exchange of curses.

Israel, meanwhile, continued to express its indignation yesterday. Speaking during a vis-

video material from a pilotless drone flying in the vicinity of the camp. According to Mr Droni, it was three miles from the camp on a different mission when the shells rained down.

"There was no way in which it could see the camp, especially on a cloudy day," he said. "The shelling took place from six minutes past two to 13 minutes past two. It was only at 17 minutes past two that it was ordered to fly towards Qana. At 21 minutes past two it established contact with the camp for the first time, but the pictures were sketchy because of the cloud cover. It relayed pictures of the camp again at 2.30pm. The Israeli video was shown to the UN in New York ... before they published their findings."

Mr Droni reiterated Israel's insistence that its soldiers did not know they were shooting at the UN camp, or that Lebanese refugees were sheltering there.

"We thought we were shooting hundreds of yards away," he said. "It was because of faulty coordinates. Then some of the shells overshot."

"We believed at the time that we were shooting back as precisely as we could at Katyusha launchers and mortars that were endangering our forces. We had no intention of hitting the UN camp. We had no knowledge that there were civilians there."

In a television interview on Tuesday, the Israeli Prime Minister, Ehud Barak, sought to discredit the report. "I don't know if this is exactly what the secretary-general meant but the whole idea is absurd," he said.

"They were insinuating guilt without being able to prove it," said Uri Droni, an Israeli spokesman. "The fact that they couldn't establish categorically that it was intentional should have led them to present a factual report without laying the blame on our doorstep."

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Boutros-Ghali gave order to publish report

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## Scott: Government twisted my words

CHRIS BLACKHURST  
Westminster Correspondent

Sir Richard Scott yesterday accused the Government of "distortion" in the press pack it produced to head off criticism after the report into the arms-to-Iraq affair was published.

In his only appearance before MPs to answer their questions on his mammoth report published two months ago, Sir Richard gave the Commons Public Service Select Committee a damning critique of min-

isters' response to his report. He also started the committee by claiming his assistant, Christopher Muttukumaru, a civil servant, had been threatened if he continued to go into the judge. He refused to go into detail.

In a series of answers to Dr Tony Wright, the Labour MP, he gave a completely contradictory view of his findings from that of the media briefing. He was asked: "Did something constitutionally improper happen?"

Finally, he was asked if the Cabinet Office press hand-out claiming ministers were found to have given accurate descriptions of policy on

Sir Richard replied, forcefully: "Yes."

Dr Wright asked: "Did ministers behave in a way they shouldn't have behaved?" Sir Richard again replied "yes". The senior judge was asked: "Was Parliament denied information constitutionally it ought to have had?" Again, the answer was upheld by Sir Richard.

During this evidence, Sir Richard lifted the veil on the hostility he and his colleagues faced from the rest of Whitehall. He refused to reveal who had

arms sales to Iran and Iraq was accurate? Sir Richard replied: "I don't think so, no."

Opposition MPs reacted angrily to the press pack, which in the absence of a summary from Sir Richard acted as an easy-to-read guide for many commentators, claiming it was misrepresentative. Yesterday, their view was upheld by Sir Richard.

He added: "It was satisfactorily dealt with - my concerns were laid to rest." The threat, said Sir Richard, was that "Christopher Muttukumaru's career might suffer from the as-

sistance he was giving me."

The judge refused to agree with Opposition claims that the fall-out from his report had been disappointing. He had, he said, not been expecting any ministerial heads to have rolled. Resignations, he said, arose from a build-up of political pressure not from actions within government.

While he accepted the press pack had been a distortion, he was satisfied with the Commons debate on his report.

TURN TO PAGE 2

### IN BRIEF

#### Work is bad for you

Ill-health caused, or exacerbated by, working conditions and environments costs 13 million working days a year and affects one in every eleven employees, employers were warned yesterday. Page 4

#### Today's weather

Dry and bright but windy in the South. Section two, page 29

said: "It's a dramatic development and a very welcome one."

Britain sold the last of its whaling ships and its IWC quotas to the Japanese in the late 1950s because stocks were so low that the industry was no longer profitable.

Britain's announcement in-

creased pressure on Japan and Norway to withdraw from the commission. But if they did they would face international opprobrium, and the risk of trade sanctions from the US.

The IWC was founded 50 years ago to exploit whales rationally, but it failed dismally. The great majority of its 39 member nations are now op-

posed to whaling and have no interest at all in what little re-

mains of a once great industry.

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## Creche takes grannies back to childhood

GLENDIA COOPER

Britain's first ever "granny creche", where people can leave elderly relatives, is due to open in Oxford this summer.

Employees of the Radcliffe Hospital NHS Trust can leave grandparents in a "stimulating environment" with art classes, cookery, memory strategies and indoor hockey. There will also be outings to Blenheim Palace, shopping centres and pubs. The trust is running a pilot scheme with 20 places in an adapted unit staffed by nurses and occupational therapists.

When the idea was first suggested by the occupational de-

partment it was "greeted with delight" by carers and their relatives, said Mike Fleming, the director of personnel. "Besides

the advantage of proximity [to each other] they will be in a home with nursing care and no worries about special feeds or dressings," he said.

The pilot scheme, emphasising "dignity and quality of life", is free and will run from 8.30am to 5.30pm, Monday to Friday, but it is hoped it will be extended to 8am to 8pm, seven days a week. If it is made permanent, fees of about £2 an hour will be charged.

Lynch Mason, the occupational therapist services manager,

said there would be no lower age limit for the service. It will be open for "anyone who feels comfortable and wants to go". Activities will be tailored to individuals. "We'll cater for people's interests whether that is art, sculpture, adult literacy or doing the crossword."

"Cookery groups are extremely popular and the elderly person could take a meal home in the evening so they feel they are contributing something to the family," added Miss Mason.

At the moment there are almost 11 million people of pensionable age in Britain. That figure is expected to rise to al-

most 17 million within the next 35 years.

Terry Philpot editor of Com-

monly Care magazine said:

"Any initiative which provides

high standards of care for el-

dery people and takes the pres-

sure off carers should be wel-

comed. We are ill-prepared for the coming population ex-

posure among elderly people."

Charities representing pen-

sioners expressed reservations.

A spokeswoman for Help The

Aged said: "We welcome ini-

tatives to set up 'granny creches'

but they must be active

places providing a stimulating

environment, not just dumping

grounds for elderly relatives."

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section  
ONE

BUSINESS 16-20 COMMENT 14,15 CROSSWORD 24 GAZETTE 12  
LEADING ARTICLES 14 LETTERS 14 NEWS ANALYSIS 13  
OBITUARIES 12 SHARES 19 SPORT

2  
news

# Rustle in the overgrowth as Redwood snakes out

What a long game John Redwood is playing. Yesterday, for no very obvious reason, he held a press conference to launch a booklet containing nine months' worth of his own speeches and articles. Since his resignation from the Cabinet last summer Mr Redwood has not actually been able to do anything, just talk about it. So, naturally, the pamphlet is entitled "Action Not Words".

Sitting up straight behind a large table in the Palace of Westminster's elegant Jubilee room, Mr Redwood described these collected works as "a call to arms for the Conservative Party". It is as well as that he



DAVID AARONOVITCH

didn't make the call to his own arms. Remarkably, for limbs belonging to a conviction politician, Mr Redwood's arms refuse to join in his various crusades. No matter how the sentiments being uttered by the mouth cry out for supporting gesticulations, the arms

remain rigid against Mr Redwood's bony flanks, or crossed tightly over his ungenerous midriff.

Not that the mouth is that keen either. Competing against the prehensile upper lip of the Prime Minister, the expressive pout of Mr Portillo, or the alternating "grim and grin" of Tony Blair, Mr Redwood's gob seems thin and expressionless. Every now and again a small, pink tongue will dart out and refresh the tips with a quick lick.

But the brain is there, and that is what matters. It has a strategy too, this brain, and having the corporeal Redwood pop up shortly after yet another

catastrophic election defeat for his party is a part of it. With the nation's press and a number of backbenchers in attendance (Messrs Brazier, Gill, "Buzz-saw" Arnold and Ridgick) Redwood can remind the world of his blamelessness for the massacre and of all the "friendly advice" given to the Prime Minister on a range of topics - and (though he does not say it) shunned. And when the Final Defeat comes, and Majorism and all its works are swept aside, to whom shall the devastated party then turn?

If all this sounds vaguely familiar to you, the chances are that you are either a parent of

small children, or a small child yourself. And you will recall that, in Disney's version of the *Jungle Book*, one animal patiently tracks Mowgli through the forest, very nearly making a meal of the tiny hero. No, not Shere Khan - a Portillo-like magnificent blunderer - but Kaa, the snake, whose lack of arms and flickering tongue make him a dead ringer for the former Welsh secretary, both physically and metaphorically.

Like the cartoon serpent, Redwood invites his prey to sit amongst his coils and to listen to that special, hypnotic song, "trust in meee, just in meeee".

Kaa would have cut taxes by now - and there is still time! Kaa would have not one, but two referenda on Europe - it is not too late! Action, not words!

And there is another similarity, for - also like Kaa - Redwood somehow contrives to be omnipresent. Is there a clearing where a couple of disgruntled Tories are discussing divorce? Listen for the rustle in the overgrowth, and watch as a Redwood coil lowers itself from the banyan above. Are *Daily Mail* leader writers ruminating about education? A slight slithering sound, and one little eye appears, unblinking, from behind a nearby creeper. On

health, defence, the elderly, law and order, the family, whatever - the whole schtick - Kaa has been moving sinuously, softly hissing to anyone who will listen, "psst! Want a policy?"

And many do.

The old story has it that there once was a tribe of 36 pygmies - the Fekewe - who inhabited a land of 4ft-tall grasses. All day long they would dash around blindly, growing ever more exhausted, defiantly yelling: "We're the Fekewe!". How unnecessary. Today's Fekewe - Britain's bewildered and bleeding Conservatives - have only to ask Kaa. He knows. He will lead them.

## IN BRIEF

### Inquiry call over soldier's suicide

Gulf war veterans demanded a public inquiry yesterday after a former soldier with post-traumatic stress disorder killed himself in his jail cell. John Callaghan, 28, of St Helens, was found hanging from a noose made from his train laces in the hospital wing at Strangeways Prison, Manchester.

The former Gulf soldier with the Royal Electrical and Mechanical Engineers had served less than a month of a two-year sentence for drugs offences. Major Ian Hill of the Gulf War Veterans' Association said he had been diagnosed by consultant psychiatrists at his trial as suffering from PTSD and the authorities had been warned he was a suicide risk.

### Flight challenge

Three Britons left for a pioneering 16,000-mile flight around Africa in a light plane. Marketing executive Lord Edward Manners, banker Johnny Beveridge and photographer Dan Stevens hope to be the first to circumnavigate the continent in a single-engined aircraft. They left Oxford airport in their Cessna for Tangier, where the challenge will begin.

### Girls found safe

Two teenage girls who vanished from their boarding school eight days ago were found safe in northern Scotland. Kirsty Ann Boyd and Aileen McGhee, both aged 15, turned up in Inverness, 200 miles from Lomond School near Helensburgh, Dunbartonshire. "Both are safe and well and will be reunited with their parents," a police spokeswoman said.

### Ostrich case delay

An attempt to wind up the Ostrich Farming Corporation, which has attracted thousands of investors, was adjourned in the High Court and is expected to be heard before August. The Department of Trade and Industry issued the petition against the company, which is being investigated by the Serious Fraud Office after taking millions of pounds by claiming it can provide annual returns of 51.6 per cent on investments.

### Darwin home sold

The house where Charles Darwin wrote *The Origin Of Species* has been bought by English Heritage. The Lottery Fund awarded £1.783m for the restoration of Down House near Biggin Hill, Kent, his home for 40 years until his death in 1882. Darwin wrote his treatise on the survival of the fittest in the study of the house, which also contains his papers and some of his equipment.

### E-cash is a winner

An electronic replacement for cash has been declared a success after a pilot scheme attracted more than 10,000 users. The two-year trial of Mondex, which stores and transfers money by smartcard, began in Swindon, Wiltshire last July. New figures show a 21 per cent take-up among customers of NatWest and Midland banks, which developed the system with BT. If the same response was achieved nationally there would be 2.5m Mondex users.

### Appeal to mother

Police appealed to a mother who abandoned her two-hour-old baby in a hospital laundry trolley to come forward. The baby girl has been named Rosie after Italian nurse Naomi Rosalyn, who found her early on Tuesday wrapped in a pink baby blanket outside a geriatric ward in the grounds of Whips Cross Hospital, Leytonstone, east London. A hospital spokesman said: "She is a beautiful baby with blonde hair and lovely blue eyes. All the nurses are absolutely doing on her."

### A signal event

One of the last communities in Britain without television is to hold a festival devoted to the arts and crafts which flourish in its absence. The 102 villagers of Thixendale, deep in a valley in the Yorkshire Wolds where reception is impossible, will celebrate pottery, tile-making, local history, music, art and woodwork. The aim is to raise £10,000 - to beam a television signal into the village.

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# Hamilton role 'close to paid advocacy'

CHRIS BLACKHURST  
and JOHN RENTOUX

A former Conservative minister is being paid by private firms specifically to approach ministers on their behalf about possible Government contracts and to book House of Commons dining rooms for corporate entertainment.

The description of Sir Archie Hamilton's role, spelt out in letters from, amongst others, City investment bank Merrill Lynch and WS Atkins, a firm of consultant engineers, seems to come close to "paid advocacy", which was categorically banned under the new Commons rules voted in last November.

Under the new, post-Nolan rules, MPs must make publicly available any consultancy agreements relating to their work at Parliament. Sir Archie's agreements provide a rare insight into what MPs do for their money. A study of their contracts by the *Independent* shows that Sir Archie, the MP for Epsom and Ewell, has been the most forthcoming in setting out his duties. Unlike Sir Archie, most of the others contain generalities and have made a point of excluding paid advocacy.

Sir Archie, a former defence and transport minister, receives £12,000 a year from Merrill Lynch, the giant US bank which is handling the overseas sale of shares in the Railtrack privatisation and has submitted a bid for surplus armed forces housing stock.

A letter from the bank to Sir Archie, a member of the executive committee of the Conservative 1922 Committee, has been placed on file at the Commons. Dated 29 March, 1996, it states: "We expect you to identify commercial opportunities for the company, sometimes these may be in the field of Private Finance Initiatives but also such other opportunities that you may find..."

The letter continues: "We are classified as clients for whom he provides services which depend essentially upon or arise out of membership of the House [of Commons]". Mr Deva said yesterday that he had acted for the companies before he became an MP in 1992, and that he had never been employed in his capacity as an MP.

Sir Archie was not available for comment yesterday.

Andrew Marr, page 15



Feeling the strain: Paul Grecian talks of his extradition ordeal at yesterday's Westminster press conference

Photograph: Dillon Bryden

## Grecian seeking compensation over his arms-to-Iraq ordeal

CHRIS BLACKHURST  
Westminster Correspondent

Paul Grecian, the businessman who successfully fought attempts by the US to extradite him on arms-to-Iraq charges, is planning to bring claims for compensation against Customs and Excise and the American authorities.

Immediately upon his return to Britain from South Africa, where he has spent five months fighting attempts by the US to extradite him, Mr Grecian said he would now be turning his attention to the Sir Richard Scott arms-to-Iraq report and its comments about his case.

Along with two colleagues from his former high-tech engineering firm, Ordtech, Mr Grecian was convicted at Reading Crown Court in 1992 of supplying a fuse assembly line to Iraq.

The men subsequently appealed and their convictions were quashed in December last year because the Government had withheld vital defence evidence from their trial.

As soon as he won the appeal, Mr Grecian flew to Johannesburg with his South African fiancee, only to be arrested to face similar charges brought in

the US. Last week, the US charges were thrown out by a South African court and described as "unacceptable".

Yesterday, looking tired and drawn, Mr Grecian said that he had expected to be in jail for the remainder of the year resisting extradition.

Now that he was free, he

would be studying the Scott re-

port - which was highly critical of his original prosecution brought by Customs and Excise.

Mr Grecian accused the US and South African authorities of "not having acted with great faith". Before leaving for South Africa, he was assured it was safe for him to travel. The US prosecution, he claimed, had been motivated by spite.

Mr Grecian paid tribute to his father, John, and Ann Clwyd, the Labour MP, who campaigned tirelessly on his behalf. Mrs Clwyd forced an adjournment debate in the Commons on his case and pressed the Foreign Office, South African High Commission and US Embassy in London on the issue. Her efforts, said Mr Grecian's father, were in stark contrast to his son's local MP, the Conservative John Redwood, who had shown much interest.

Joining him at a Westminster press conference, Mrs Clwyd said that it was time for the Government "to make amends for the many years that Paul Grecian has lost and been branded a criminal in a situation involving a government cover-up".

Mr Grecian said he now hoped to get back on his feet commercially and start up in business again.

### Scott report words 'were twisted'

FROM PAGE 1

was the right of lawyers to cross-examine other witnesses.

Attacks on the inquiry from Lord Howe, the former Foreign Secretary, were described as "profoundly misguided".

He proposed the creation of a new watchdog, to advise Parliament on whether ministers were properly claiming public interest as a reason for not an-

swering MPs' questions. Sir Richard also wanted fuller information to be made available about arms sales.

He had harsh words for the refusal by the Government to detail arms deals which were backed by export credits using public money. The public, he said, had a right to know what its money was being spent on.

However, officials in Brussels were quick to caution against any expectation that the move could signal an early lifting of the ban itself.

A qualified majority will be necessary if the change is to be agreed. Germany indicated

immediately yesterday that it was to oppose the Commission's new proposal. However, German opposition alone will not be enough to block a vote to ease the ban.

The Commission is understood to have decided yesterday to make the proposal next week in the belief that there will be enough votes on the committee for it to pass.

However, France is still said to be considering its position, in view of the continuing slump in beef sales across the country. Sources in Bonn made clear that much more is expected of Britain if consumer confidence in Germany is to be reassured. Politically, it remains impossible for the German authorities to be seen to be supporting any easing of the ban, German sources said.

Even the lifting of the ban on gelatine, tallow and semen would only be carried out once Britain had agreed to a series of strict measures governing the production of these substances.

It has been made clear to Britain that if it hopes to win any further concession from the Commission and other member states it must speed up its proposed slaughter programme and produce new proof that control measures are firmly in place to ensure no infected meat could enter the food chain.

# Tory civil war reignites

COLIN BROWN  
Chief Political Correspondent

Civil war erupted in the Tory Party over Europe again last night, as John Redwood disclosed he is seeking to broker a deal between the Government and Sir James Goldsmith, the international financier, over a referendum.

In a bid to end the threat to Tory seats at the general election by the Referendum Party, Mr Redwood said he would discuss with Malcolm Rifkind, the Foreign Secretary, his plans for a referendum on Europe to be held on the same day as the general election.

Mr Redwood's pressure for a referendum came as the divisions in the Tory party were exposed again over the European issue with Edwina Currie, the pro-Euro Tory MP, attacking demands by Theresa May and Euro-sceptic colleagues as "completely ludicrous".

David Howell, leader of the One Nation group of Tory MPs, warned colleagues they had "lost the power of argument and found only the power of abuse". Lord Parkinson said the Eurosceptics were only damaging the party's prospects.

Disclosing that the One Nation group would publish its own

## Partial beef ban reprise likely

SARAH HELM  
Brussels and COLIN BROWN

The chance of a slight easing of the worldwide ban on British beef increased yesterday when the European Commission said it would make proposals to modify the ban next week.

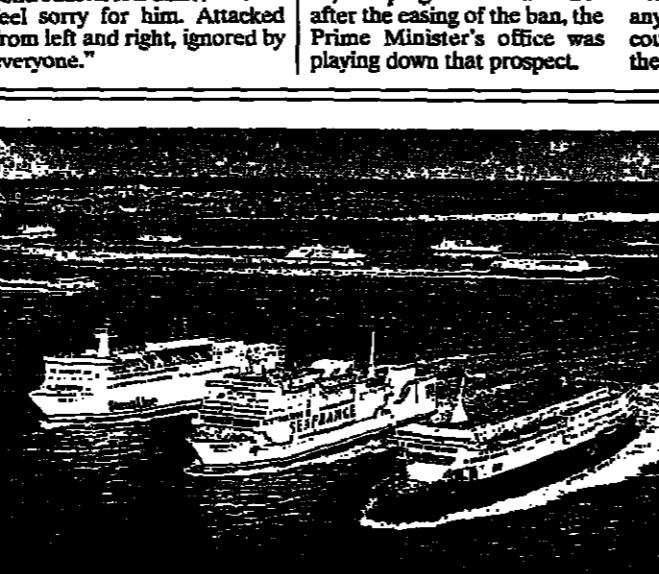
Downing Street disclosed that John Major had told the European Commission President, Jacques Santer, that Britain would seek an emergency summit over the beef crisis if no progress was made. But after the easing of the ban, the Prime Minister's office was playing down that prospect.

Ministers were relieved that they had brokered the first signs of progress through careful negotiation, and privately said that the "Euro-bashing" by Euro-sceptic Tory MPs and sections of the British press had set back Britain's case, and had cost millions of pounds in lost business in the beef industry.

Frank Fischer, the agriculture commissioner, is to recommend to member states that gelatine, tallow and semen be excluded from the ban.

However, officials in Brussels were quick to caution against any expectation that the move could signal an early lifting of the ban itself.

A qualified majority will be necessary if the change is to be agreed. Germany indicated



For a shopping day,  
a relaxing stay or for immediate  
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news

# Sainsbury in loyalty card U-turn

NIGEL COPE

Sainsbury's is to follow Tesco and Safeway with the launch of a nationwide loyalty card in a bid to revive its flagging fortunes and declining market share.

The decision marks a U-turn by the company, whose chairman David Sainsbury dismissed loyalty cards as "electronic Green Shield stamps" when Tesco launched its Clubcard scheme a year ago. The card now has more than 5 million members and has helped Tesco replace Sainsbury as Britain's largest supermarket chain.

Sainsbury's announced the plans yesterday along with its financial results for last year which showed that profits fell for the first time in its 22 years on the stock market. Profits fell from £809m to £712m and its sales increases are continuing to lag behind arch rival Tesco and the much-improved Asda.

The latest market share figures show Tesco pulling further

ahead with a UK share of 21.2 per cent compared to Sainsbury's 18.5 per cent.

The discount card will be launched in the next two months but the company has not yet released any details on how it will operate. It is also planning a Sainsbury's credit card and other financial services which could include deposit

accounts, pensions and Personal Equity Plans. Budgens launched its own Visa card earlier this year and Tesco is working with NatWest Bank on the launch of a branded credit card and deposit account.

The card war is the latest in a string of initiatives that the supermarket groups are using in an increasingly bitter battle for

market share. However, analysts feel Sainsbury's may be too late to reap the benefits of a new card. Tony MacNeary, food retail analyst at NatWest Securities, said: "Coming third behind Tesco and Safeway, one has to wonder how much bang for their buck they are going to get."

The company blamed the slump on a more competitive retail environment, the cost of price-cutting campaigns and fewer store openings. Other costs have included trading losses of £10m at Texas Homecare, the DIY chain that Sainsbury's bought last year. The BSE scare on beef will cost the company a further £2m this year on marked down stock and supplier support. Beef sales

are now up to 70 per cent of their level before the scare.

Mr Sainsbury admitted that the figures were a disappointment. "We don't think it has been a satisfactory performance and we haven't done as well as we should. We have lost the marketing battle." He pledged to be "more aggressive" with a combination of price campaigns and customer service measures.

Mr Sainsbury denied that the launch of a nationwide loyalty card represented a personal climb-down. "We've never been against loyalty cards in principle. What we were concerned about is that any card should offer real benefits to customers. We think we have found a way to do that."

Sainsbury's has been operating a Saver Card in some stores since 1992. Its Homebase loyalty card has more than 5 million members.

News analysis, page 13  
Profits slump, page 16  
Comment, page 17



Heavy duty: Shire horses in Hyde Park, London, yesterday. Used for labour in the royal parks until made redundant by the petrol engine in the 1950s, heavy horses are now to return to active duty - for harrowing, haymaking and haulage

## Doctor named boy's sex killer to police

MICHAEL STREETER

A leading psychiatrist put aside patient confidentiality to tell police he suspected a man of the murder of nine-year-old Daniel Handley, the Old Bailey heard yesterday.

The expert on child sexual abuse - identified only as Dr B - said he had "no hesitation" in informing detectives about the sexual fantasies of Timothy Mors after being told by his wife of a BBC TV *Crimewatch* programme on Daniel's murder.

Asked by John Bevan, prosecuting, if he had agonised with his conscience over the decision, the doctor replied: "On the matter of the murder of a child and child protection there was no hesitation on my part." The man he named, Mors, 33, and co-defendant Brett Tyler were arrested days later. Mors has admitted the murder. His former lover, Tyler, 30, admits abducting and sexually assaulting Daniel, but denies murdering him on 2 October 1994.

Dr B, said to be national expert on child sexual abuse, told the jury that Mors had become his client after a recommendation by Mors's friend and later lover David Guttridge, 59. Mors and Tyler were in Wormwood Scrubs prison at the time, serving sentences for sexual offences.

Mors, who was more curious than a willing participant in sessions, had described to Dr B his fantasy of abducting and murdering a pre-pubescent boy aged 8 to 13. The boy had to have blond hair and blue eyes.

"He was very specific about that," said Dr B. "The fantasy was to find a boy, a small boy with blond hair and blue eyes, take him in a van, abduct him, bugger him and then kill him and dispose of the body."

A month later, on 19 May 1995, Dr B was told of the *Crimewatch* programme on the murder of Daniel, whose body had been found buried in woods near Bradley Stoke, Bristol. He was "sufficiently concerned" to contact police and later heard from another psychiatrist, who was treating Guttridge, that Guttridge and Mors might be trying to leave the country.

Under cross-examination from Rock Tansley, QC, for Tyler, Dr B agreed Mors had a powerful personality, was brash, sadistic and enjoyed shocking people with his fantasies. He had been emotionally cold while describing his "violent paedophilic fantasies".

Earlier, Mr Guttridge, who awaits sentencing for perverting the course of justice after paying for Mors to flee to the Philippines, described how he had "hated Tyler's guts".

He believed Tyler was winding up Mors, who believed sex was about vengeance and revenge, over his love for young boys. But he agreed that while Mors was capable of killing a child, he did not believe Guttridge, who had also been in Wormwood Scrubs, told the jury that Mors confessed to him about the killing after Daniel's body was found, but he "could not or would not" believe it of a man he had lived with and loved.

Mors and Tyler are said to have abducted Daniel close to his home in Beckton, east London, taken him to a flat where they videoed having sex with him, and then strangled and buried the boy near the home Mors shared with Guttridge. The case continues.

## Parents told to raise money to save teachers from sack

Open verdict recorded on meningitis boy's death

A coroner last night recorded an open verdict into the death of a 15-year-old boy who was allegedly refused life-saving treatment at a cash-starved hospital and later died from a meningitis-related disease.

The Birmingham inquest heard that oft-fain tall basketball player James Hoccom, of Solihull, West Midlands, was taken to the town's hospital by his parents late on 14 October last year.

His father, Bill, a company director, said that James was a strong, healthy young man, but had been apparently suffering from flu after an outbreak at Solihull Boys' School which had affected several classmates.

He was seen by his GP but his condition deteriorated and meningitis was suspected by the family. When they arrived at Solihull Hospital, Mr Hoccom said he pleaded with a doctor to administer life-saving penicillin, but was told that because of his age James was a paediatric case. Solihull Hospital had closed its children's ward last July before controversial plans to merge Solihull and Heartlands Hospital in Birmingham were announced and 7m cuts ordered at Solihull.

Doctor Nuria Gonzales, the senior house officer who examined James at Solihull, said the policy was to transfer paediatric patients to Heartlands which was 10 miles away. James was transferred two hours after arriving at Solihull, but despite the efforts of medical staff he died after a collapse at 4.30am.

The coroner, Dr Richard Whittington, said he could find no evidence that the delay in administering antibiotics had directly caused James' death, and that he died as a result of a natural disease.

Parents have been forced to dip into their own pockets to prevent two teachers being axed at their children's school.

Governors at Hagley Middle School, in Hereford and Worcester, sent a letter to parents of the 510 pupils asking them to make a voluntary donation of £40 per child to save the teaching posts.

The letter from the governors' chairman, James Cowlishaw, said the school had been forced to make compulsory redundancies.

The scheme proved successful. Parents have now received a second letter from the governors saying the redundancy programme had been cancelled.

The governors' original letter a fortnight ago said: "Commitment by 100 per cent of parents is essential for the proposals to proceed and an

IMMEDIATE response is of paramount importance."

The letter warned redundancy notices would be issued by half-term on 24 May unless the governors were certain funding would be available to meet the school's running costs.

Parents were told to pay the £40-per-child donation in three installments, starting this term. Those in genuine hardship were advised to contact the headmaster, Colin Millett, who "will give sympathetic consideration to your personal circumstances in strict confidence".

Governors first sounded out parents about the idea at a meeting to discuss the school's financial crisis a month ago.

The school, whose motto is "Quality Education through A Caring Partnership", was founded in the mid-Seventies and has

27 full- and part-time teachers. During the past three years governors had used up the school's £50,000 reserve to maintain staff levels on a reduced budget.

In the second letter from the governors, which parents received this week, Mr Cowlishaw and Mr Millett said parental contributions and other savings had enabled the school to produce a balanced budget. "The redundancy programme has therefore been cancelled".

Hereford and Worcester's education budget this year is £227m, which is used to teach more than 100,000 pupils.

The county's principal education officer, Dr Eddie Oram, claimed in real terms the authority saved £1.2m less from the Government than three years ago, although pupil numbers had risen by almost 4,000 over the same period.

"We are one of the lowest funded counties in England and Wales and we just don't have the resources to give schools the amount of money they had three years ago," he said. "Hagley decided this was a realistic way forward and the idea met with a positive response."

The issue has divided parents in the middle-class village, near Kidderminster.

"I'm appalled to be honest," said a senior hospital bio-chemist, Steve Harper, who has one son at the school.

"We will pay it but it seems like a check on top of all the other bills." Another parent, Jane Tandy, said: "I feel we were slightly blackmailed but we had to do it."

They were levying parents to pay teachers. St Paul's school in Dorking, Surrey, asked for a £30 levy and Avenue primary school in Sutton, Surrey, £100.

Funding teachers remains highly controversial. Parents and governors are resigned to paying for books, furniture, mini-buses and computers but most are still reluctant to commit themselves to supporting a teacher. In part this is a wish to avoid recurrent spending in uncertain times: some teachers paid for in this way have been made redundant after a year.

It is also an objection to paying for items which most schools believe should be supplied centrally. Governors argue that too much fund-raising will reinforce the divisions between schools with affluent parents

and those in poor areas. They argue that it introduces fee-paying by the back door.

Some schools are employing professional fund-raisers to bring in anything from £50,000 to £250,000. One comprehensive in Lancashire raised £155,000 towards a sports hall.

Parents were asked to make covenants to the school.

Ministers have not condoned parental fund-raising for teachers but have made plain their wish to encourage schools to attract money from the private sector.

Figures released this week by the EU show that Britain spends a lower percentage of its national wealth on education than any other European state.

Judith Judd

## Free schooling a thing of the past

State education is no longer always free. The jumble sale and the summer fair, which used to provide the icing on the school cake, are now providing the snazzy fare.

In the last three years, the money raised by parents towards school books and equipment has more than doubled. In 1992, the National Confederation of Parent Teacher Associations estimated that around £55m was raised each year through parents' efforts. Last year they reckoned that the figure had reached £110m.

As the squeeze on school funding has intensified, parents have turned to fund-raising extra-curricular books and computers but to build new toilet blocks and to pay for teachers. Many

schools now have to ask parents for contributions towards essential equipment. The principle that fund-raising should be for non-essential purposes has been largely abandoned.

Hagley Middle School is not the first to resort to parental contributions to fund teachers. Last year parents at a primary school near Northampton were told they must pay £1 a week for each of their children or see a teacher made redundant. At Welford and Sulby village school, parents were asked to make voluntary contributions towards the cost of lunch-time supervision. As early as 1992, two schools announced that

they were levying parents to pay teachers. St Paul's school in Dorking, Surrey, asked for a £30 levy and Avenue primary school in Sutton, Surrey, £100.

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news

# Sick workers take 13 million days off a year

LIZ HUNT  
Health Editor

One in every 11 people suffers from ill-health caused, or exacerbated by, their working conditions and environment, employers were warned yesterday at the launch of the biggest health in the workplace initiative to date.

Each year at least 750,000 workers take 13 million days off because of work-related illness at a total cost to the taxpayer of around £4.5bn.

This includes compensation claims, loss of business due to bad publicity, and the need to retrain or recruit new staff, the Health and Safety Executive said.

Frank Davies, chairman of the Health and Safety Commission, acknowledged that its campaign could lead to more litigation by workers against their employers but that this could be "a good thing", he said. "Workers should draw matters to the attention of employers because everyone should be involved in the promotion of good health."

Sir John Harvey Jones, the former ICI chairman and now celebrity management guru, who features in the HSE campaign video, said it was a "crime" that any worker should suffer work-related illness.

A 1990 Labour Force Survey in England and Wales found that musculo-skeletal disorders - strains, sprains, back problems - were the most frequently reported problem with 600,000 cases; this was followed by stress/depression (100,000); deafness/other ear conditions (100,000); lower respiratory tract diseases (80,000 - one quarter of which were asthma);

and skin disease (55,000 cases).

One of the problems highlighted at the press launch in London yesterday was the risk of asthma among bakery workers exposed daily to flour dust.

The HSE's £1.5m campaign, "Good Health is Good Business", will focus on small- and medium-sized enterprises with up to 200 employees, but will also involve GPs and other health professionals who can influence employers. A television advertising campaign begins tomorrow highlighting the dangers of vibration, dust, noise, repetitive movements, and handling of chemicals.

David Eves, deputy director general of the HSE, said it would not "hesitate in taking action" against employers who put their workforce at risk.

There had been 260 prosecutions under the 1988 Coshh (Control of substances hazardous to health) regulations, Mr Eves said, and the first custodial sentence had recently been imposed on the director of a company which had recklessly ignored safety advice while dismantling a building containing asbestos.

Ann Holgarth, a former nurse who was forced to give up work in 1990 because of a severe back injury, urged better education for employers and employees on how to avoid musculo-skeletal problems. Ms Holgarth fell on the ward but continued working. "Apart from my ill health, I suffered job bereavement - nursing was my profession and something that I had always wanted to do and that was taken away from me."

■ For a free "Good Health is Good Business" campaign pack contact 0345 181819.

You can breathe it, but you can't see it: The dust cloud that may lurk in your workplace



An experiment to show the amount of invisible dust that can be present in a working atmosphere carried out yesterday to mark a Health and Safety Executive initiative on health at work. It warned employers would be prosecuted if they endangered staff

Photograph: Colin McMillan

## Tycoon admits 'stupid' affairs

Owen Oyston, the multi-millionaire accused of raping two teenage girls, yesterday admitted having a series of secret affairs with young models.

He told the jury at Liverpool Crown Court: "I owned Miss World at the time. If I wanted young beautiful women they weren't hard to find."

The 62-year-old tycoon told the ninth day of his trial that he had remarried his wife Vicki in 1988, six years after they were divorced. Helen Grindrod, QC, prosecuting, questioned: "You were so used to having your own way you didn't bother to ask whether they consented, or not?" Mr Oyston replied: "I have always had a great respect

for women. I have employed thousands of them. I have always promoted them within my own organisation. My character is totally without blemish."

Mr Oyston, of Clapham Hall, near Lancaster, is alleged to have raped the first girl when she was 18 on his four-poster bed in his secluded mansion. The second girl, 16 at the time, claims she was forced to have oral sex in the back seat of a car and then watched Mr Oyston have sex with another girl before joining them on the bed, where she was raped. Mr

Oyston denies two rapes and a charge of indecent assault.

Mr Oyston claimed he had a long-standing affair with the first girl. He said he had spent thousands of pounds on her over the years and that she regularly stayed with him at the Hilton Hotel in London's Mayfair.

Earlier Mr Oyston, a life-long Labour supporter, repeated his claim that he was the victim of a long-running conspiracy by two former government ministers, Lord Blaikie and South Ribble MP Robert Aldous.

The case continues.

## £1.8m spent on failed housing plan

JOHN RENTOU  
Political Correspondent

The Government has admitted £1.8m of taxpayers' money was spent on an unsuccessful campaign to persuade council tenants to transfer their homes to a housing association, at a cost of £12,000 for each vote cast, in favour.

In the vote in August last year, the proposal by Torbay tenants' Housing Association to take over property in Torquay, Paignton and Brixham was defeated by a vote of 55 per cent

of the 2,000 tenants. Only 150 voted in favour.

Nick Raynsford, Labour's housing spokesman, yesterday wrote to Sir John Bourn, head of the National Audit Office, to ask him to investigate the "extravagant and ineffective use of public money". He made his demand after receiving a letter from David Curry, the housing minister. This revealed that a parliamentary answer he gave four months ago contained an error, and "understated the amount spent on the Torbay association by £2,000,000".

Mr Curry told Mr Raynsford a "clerical error" by the Housing Corporation, which channels public money to housing associations, meant "the wrong figures were added together".

"I can only apologise for this mistake. Obviously there was no intention whatsoever to mislead you, or the House, and I am taking the earliest opportunity to correct the figures."

Mr Raynsford demanded also to know why the Corporation's accounting system was "so inadequate that a mistake on this scale could occur".

The Torbay ballot was held under the "Tenants' Choice" legislation put through by the late Nicholas Ridley, Secretary of State for the Environment under Margaret Thatcher.

But the scheme has failed to "set tenants free" from council landlords. Fewer than 1,000 homes have been transferred after only five successful ballots. Only seven ballots were held under the legislation, of which Torbay was the largest, at a cost of £4.2m to the taxpayer. The Government is repealing the scheme in the Housing Bill.

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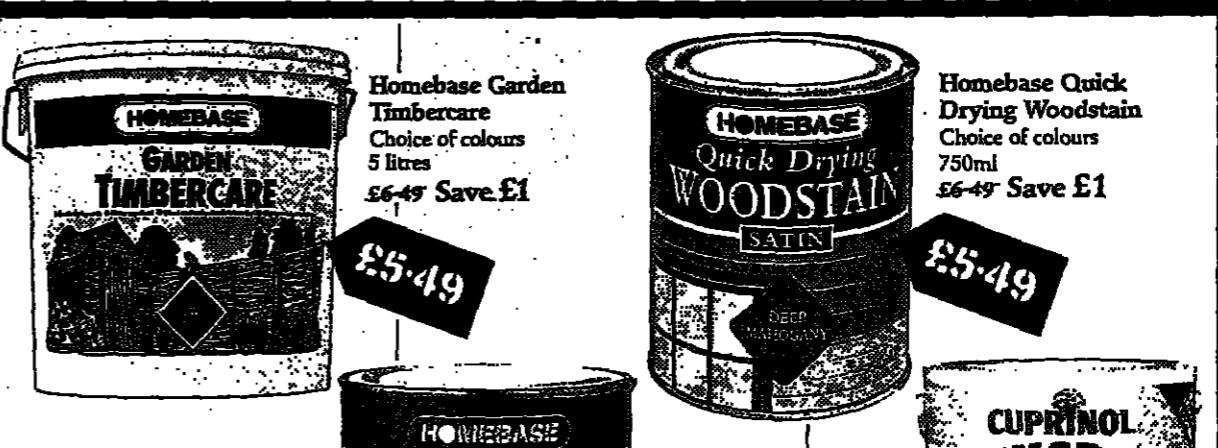
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## Cave divers come up for air to celebrate 60 years of sport



Going under: Cave diver Mike Barnes in the modern gear of wetsuit and aqualung

Photograph: Christopher Jones

MICHAEL PRESTAGE

A celebration of 60 years of the sport of cave diving will take place in the caves where it all started - Wookey Hole in the River Axe, Somerset.

Next weekend will see more than 160 cave divers gather to mark the end of the 60th year since Graham Balcombe and Penelope Powell plunged into the river and also the 50th anniversary of the British Cave Diving Group, the world's first cave diving club.

Guest of honour at the celebrations will be Mr Balcombe, now 89, wearing the heavy and cumbersome diving equipment made for that first exploration of the underwater caverns at Wookey Hole in July 1935.

He said "It was very frightening and very exciting. We had practised for weeks. I went into the water with a great deal of trepidation. I was wired up by the BBC to give a commentary on what was happening and they all got very worried when they lost the link with me as to why I was affected by air bubbles."

He had been a keen rock climber and caver and it was an



Pioneers: Penelope Powell and Graham Balcombe on the first cave dive at Wookey Hole, Somerset, in 1935

obvious progression to want to explore the caverns hidden beneath the Mendip hills.

"When we eventually surfaced we found caverns the size of a cathedral, which today have been opened up by means of a tunnel so that visitors can walk through them," he said.

Equipment used in the orig-

inal dives was far removed from the wetsuit and aqualung divers used today. A long tube delivered air from a large pump into the massive brass helmet. The divers wore a canvas and rubber suit and boots with lead weights to prevent them rising to the surface.

"I envy the divers of today and the wonderful equipment they have, although it is still an exciting and tricky operation," said Mr Balcombe. "There are still large caves at Wookey Hole that are the preserve of the cave divers."

The original dive was from chamber three. Current exploration has reached chamber 25 where there is a sump over 70 metres deep. Robert Parker, a diver, currently holds the world record depth for cave diving in that sump with a dive in 1985.

Martin Grass, spokesman for the British Cave Diving Group, said: "Wookey Hole has always been the mecca for British cave divers, and has often been the site for pushing the frontiers of the sport, whether through the use of new technical equipment or human endurance."

## Mother gets 5 years for killing girl

A mother who killed one of her daughters and poisoned another while suffering severe personality problems was jailed for five years yesterday by a judge who said he did so "with a heavy heart" because no other course was available to him.

Celia Beckett was convicted at Nottingham Crown Court last October of poisoning daughter Tracey, four. She was also found guilty of an earlier attempt to poison Tracey and administering anti-depressant tablets to another daughter, Debbie. She had admitted cruelty.

Mr Justice Garland, sitting at the High Court, yesterday sentenced Beckett to five years for manslaughter; five years for administering a noxious substance to Tracey, four years for administering a noxious substance to Debbie, and six months for wilful neglect, all to run concurrently.

The judge said that he was unable to make an order under the Mental Health Act because Beckett was not diagnosed as mentally ill. "I don't see probation as a viable alternative simply because the offences are so serious. What I do with a heavy heart is to impose a period of imprisonment," he said.

Oliver Blunt, for the defence, said Beckett felt re-

morse. "She appears to be sentenced by your lordship as a useless, incompetent and negligent mother," Mr Blunt said several doctors had examined her, one finding she suffered from a psychiatric disorder and the others that she had severe personality problems.

At her trial, Beckett, 35, of Newark, Nottinghamshire, said she had pleaded with social workers for help but was refused. Nigel Rummifit QC, for the prosecution, had accused social workers of serious errors of judgement for allowing Tracey back into the care of a mother who had fed her an overdose of anti-depressant tablets. Three weeks later Tracey died of another overdose.

The police have admitted mistakes in their investigation. The case came to light only after Tracey's body had been exhumed in 1994, eight years after her death. The remains of her sister Clare, who died aged seven after a mysterious brain injury, were also removed.

Later, Beckett's ex-husband criticised the five-year jail sentence for the woman who poisoned their two "little angel" daughters. Thomas Butler, 41, said: "She should have been locked up for life and the key thrown away."

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## 6 news

# Children at risk ‘must have more say in decisions’

REBECCA FOWLER

A report on the treatment of the nation's most vulnerable children, at risk from abuse or neglect, has called for young people to have a wider role in the decisions over what happens to them, and for courts and social services to take their views into account.

**Highlighting inadequacies** in the training of professionals dealing with children, the report by the Institute of Public Policy Research, a left-wing think tank, also calls for a national review of the way in which allegations of abuse against children are investigated.

According to the report published yesterday, which coincides with the *Independent's* campaign to improve the system for children in care, their views have been ignored and many felt they would not be believed. They were also concerned there were no individuals they could trust to represent their views.

Gillian Schofield, a lecturer in social work at the University of East Anglia and co-author of the report, said: "More needs to be done to ensure every child has access to a person they feel they can trust, whether it's

## Victims of the abusers

a lawyer or a social worker or an independent adult. They are very anxious they won't be believed, and they don't think what they say will be taken into account."

She added: "Some children feel they are so powerless, having been abused or neglected, they tend to feel blame and find it very hard to speak up for themselves."

There are approximately 35,000 children on the child protection register, and more than 10,000 in care in Britain, because they are at risk from abuse or neglect. Their average age is 14, but many are much younger, and they are often deeply torn over their desire to return to their own families, even when there is abuse, and to be placed with foster parents or in long-term residential care.

Despite the fact many have strong feelings about what they want, a recent revealed last year

that only 35 per cent of solicitors had met their child clients, when they were representing them in legal decisions over their futures.

The majority of children above the age of 10 were particularly keen to attend conferences in which their futures are being discussed. One 12-year-old boy said: "They were talking about me and mum and everyone else, so I wanted to hear what they were talking about... and whether it was correct or not. It was the meeting that mum and I went to so that they could decide whether or not she was good enough to keep me."

The report, which covers the whole range of children at risk, has been welcomed by childcare experts who are also anxious to see improvements in the system, which give children a bigger part to play in their futures.

David Truan, legal officer for the National Society for the Protection of Cruelty to Children, said: "We fully support recommendations that give the child a voice, and allow them to have more control in the decisions being made, particularly older children."

## A life in fear of male visitors

Maria, 14, is typical of thousands of children who are placed in care. She had been sexually abused almost all her life at home, where she lived with her mother, a younger brother and sister and lived in fear of male visitors, writes Rebecca Fowler.

But when the abuse was exposed, and she was taken into care, Maria also hated the idea of being separated from her family, and she was concerned the court should understand her conflict. She initially denied she had been abused.

When she was asked what she wanted she explained her

dilemma. She said: "I want to live with my mother, but I want not to be afraid when men come to the house and I have to run away."

She added: "I love my mum, and I don't want her to be lonely, but I want the abuse to stop and she keeps choosing boyfriends who hurt us... I don't want to be in foster care with foster carers telling me what to do, but I don't want to be at home and hear my sister cry when she's being abused."

Despite her learning difficulties, Maria was able to voice her feelings clearly. She was eventually placed into long-term foster care, but she maintains regular contact with her own family and may return to them before she reaches adulthood.

Gillian Schofield, a social work lecturer and co-author of a report by the Institute of Public Policy Research on children at risk, said: "The basic thing about children in care is that they're ambivalent. They want to be safe, but they want to be at home, and they've got to deal with that tension all the time."

**Councils need not repay £17m loans to bank**

A merchant bank which provided loans totalling £17m for two ill-fated projects guaranteed by local authorities was told yesterday that it cannot call the debts because the councils had acted illegally in the first place.

The Court of Appeal ruled that Allerdale Council in Cumbria and the London borough of Waltham Forest were entitled to rely on their own "abuse of power" to avoid having to pay back debts to Credit Suisse.

The bank had argued that it would fly in the face of justice and common sense to allow the authorities to get away scot-free because of their illegal actions.

But the court held that the contracts at the centre of the two cases, under which the councils guaranteed loans made to development companies they had set up to get round borrowing limits imposed by central government, were invalid and therefore unenforceable.

The bank was granted leave to appeal to the House of

Lords. Other cases are said to depend on the outcome.

In 1986, Allerdale had put £6m into an ultimately disastrous time-share and leisure pool project in Keswick. The council's statutory borrowing limit was £3.6m.

When the scheme collapsed under massive debts, the bank sued for its money, but the council relied on its own breach of public duty to "renewe on its private law obligations", said Lord Justice Peter Gibson, sitting with Lords Justices Neill and Hobhouse.

Although the bank may have expected a loan to a governmental body to be repaid, it had entered into the contract with open eyes.

The court ruled that neither the establishment of a company nor the giving of a guarantee fell within the express or implied powers of the council.

In 1988, Waltham Forest had guaranteed an £11m loan to a company set up in a "laudable" attempt to provide housing for

the borough's homeless and raise money for a charitable housing trust in the face of stringent financial controls imposed by central government.

The council indemnified the company against all losses arising out of the project.

The scheme went bust with the collapse of the property market in about 1990.

Lord Justice Neill said that, although the purpose of the scheme was to alleviate hardship and make the best provision possible for the accommodation of homeless people, it had been a nullity from the outset because the council had no power to give the guarantee or indemnity.

"It may be that later similar schemes have or will become within the powers of local authorities, but we have to look at the position in 1988," he said.

The judges dismissed the bank's appeal against a High Court ruling that Allerdale was not legally bound to repay the debt, and allowed Waltham Forest's appeal against an order requiring it to pay up.



First class: Customers at Sanquhar post office, near Dumfries, the oldest post office in the world, which is to be restored as a museum of the postal service and a shop of 1712, the year when the public service was first introduced

Photograph: Tom Kidd

## Half of Glasgow cabbies have crime record

Half of Glasgow's minicab drivers have criminal records – some for murder, sex offences, or possessing explosives, the results of a police survey indicate today.

One was on bail charged with attempted rape and one in 10 had no minicab licence, police found in a check of 1,000 drivers

earlier this year. The findings – disclosed in the BBC's *Frontline Scotland* programme – have prompted city councillors to seek greater powers to regulate minicab businesses.

The city was said to be without effective policing of the minicab sector in the absence of its four-man enforcing team,

who said they were encouraged to take indefinite sick leave after harassment and hostility from minicab operators.

The programme also highlighted the case of a seven-year-old girl killed by a speeding driver who allegedly had three speeding convictions – one just three weeks before her death.

The police check was prompted by fears about the quality of cars and drivers involved in minicab work, and by fears that it could be a front for other illegal activity.

Minicab drivers in Glasgow have to be licensed – but not their operations or companies. Police look at applications from

## Wind-up of ostrich farm firm delayed

A bid to wind up the Ostrich Farming Corporation, which has attracted thousands of UK investors, was adjourned yesterday.

The Department of Trade and Industry issued the petition against OFC, which reportedly has 2,000 birds on farms in Belgium, in March. The company is also being investigated by the Serious Fraud Office.

The Mansfield-based firm is said to have taken millions of pounds by claiming it can provide annual returns of 51.6 per cent on investments. The DTI's petition says: "The scheme is bound to collapse as soon as saturation point is reached."

Many investors, understood to have paid between £6,000 and £14,000 for ostrich hens, were at the High Court to hear Mr Registrar James adjourn the case to a judge in the Chancery Division. The action should be heard before August.

Christopher Harrison, for the DTI, said such a move had been agreed with OFC. "The matter has generated enormous public concern and it's important for it to be dealt with as soon as possible."

Raquel Agnello, for OFC, said the company needed time to consider a report to be filed by the Official Receiver.

Earlier, the animal welfare group, Compassion in World Farming, held a protest outside the courts, calling for a ban on the emerging industry.

## DAILY POEM

### Hoverfly on Poppy

By Ruth Pitter

*Like a man reaping, on the mealy edge  
Of the blond Poppy's anther-ring he stands,  
Pressing his breast against the fuscous hedge,  
And gathering the pollen as hands;  
Glistening heroic on the gold and red  
He ravishes his bright Leheian bread.*

*So, licensed by a large fertility,  
The robber and the robbed stand close embraced;  
Curtailed hopes of generation, he  
But steals some love from what has love to waste,  
And gives it a strange nursing; that which flies,  
Darts like a death, and looks with myriad eyes.*

Ruth Pitter was born in 1897 and published her first collection in 1920 with the help of Hilaire Belloc. Her early work was praised by Yeats and C.S. Lewis, but a younger generation of poets, Thom Gunn, John Wain and Kathleen Raine, have been equally enthusiastic. In both subject matter and treatment, her poetry is classical, traditional and watermarked by the forms of the early 20th century, but her use of language is complex and dense, and, in this case, heavy with mysticism. *Collected Poems* is published this month by Edinburgh at £10.95. Ruth Pitter died in 1992.

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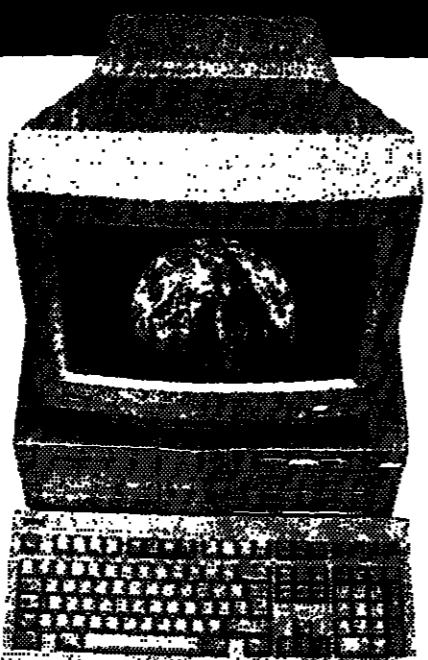
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# politics

## Prisons watchdog 'stripped of power'

HEATHER MILLS  
Home Affairs Correspondent

Britain's first prisons ombudsman has been stripped of power and independence by Michael Howard, the Home Secretary, that he should no longer carry the misleading title, angry MPs said yesterday.

An influential all-party Commons committee roundly criticised Mr Howard saying that prisoners and the public were being fooled into thinking the man who investigated injustice in the country's 136 jails has greater effectiveness than he has.

"From what we have heard he is not an ombudsman."

"He is a complaints investigator who does as much as the Home Office allows him to do," said Michael Lord, Conservative MP for Suffolk Central.

MPs were attacking Mr Howard's decision on Tuesday to impose three restraints on Vice Admiral Sir Peter Woodhead's powers to investigate inmates' grievances: they restrict his access to documents making him dependent on what the Prison Service chooses to hand over; it removes his right to investigate or even check any decisions by ministers or advice to ministers; and it requires him to provide draft reports for Prison Service checking before publication.

Sir Peter, who took up his post in April 1994, had told the Select Committee on the Parliamentary Commissioner for Administration that he was greatly concerned and disappointed by the changes, which further eroded his already "flaky" independence.

"The terms of reference, in my opinion, give too much control to the very organisation which is under scrutiny," Sir Peter told the committee.

"I think it is very important that I am seen to have that level of independence that gives me credibility with all parties. It affects not only my status but the status of other ombudsmen," he said.

He said the cases affected by the changes would be small - up to 6 per cent of its 1,800 a year - but the most important ones, often relating to the more vulnerable inmates.

He said the erosion of his rights to examine documentation would legitimise what he suspected had already happened in some cases - that files had been "weeded" before submission to him, although he had no proof. He also complained of delay in getting access to papers. In about 10 per cent of cases, Prison Service papers take a month or more to reach him, making the system too bureaucratic for short-term prisoners, he said.

He said the ombudsman's role had been undermined by the introduction of a new system of prison



Water wasted: Utilities will have to rely on 'goodwill of customers' to maintain supplies this summer

Photograph: Martin Hunter

## Dobson pours scorn on troubled water

Greed, sleaze and incompetence. Yesterday the target of Frank Dobson's general purpose oratorical bludgeon was the senior management of the privatised water industry.

The public have seen the new water bosses line their pockets at the expense of the customers, Labour's environment spokesman said as he opened a debate on water supplies, calling for mandatory targets on reducing leaks and a moratorium on industry takeovers.

For water companies to maintain supplies this summer would require the goodwill of customers. "But because of the greed, sleaze and incompetence that has characterised the privatised water industry, the co-operation that people used to give will have to be earned all over again."

In an equally belligerent response, John Gummer, Secretary of State for the Environment, said the two most trivial contributions to the water debate this week had been Severe Trent's advice to customers to concrete over their lawns and Mr Dobson's speech.

Ingratiating himself with the Euro-sceptics, Malcolm Rifkind, the Foreign Secretary, endorsed the stand of Michael Forsyth, the Scottish Secretary, in refusing to fly the flag of stars to commemorate the 46th anniversary of the community.

The summer of 1976 had shown beyond doubt that the municipal and nationalised systems had failed. Some 40,000 properties had to be turned off completely.

Last year no one had to go to a standpipe and there were no riots cuts. Even if there was a dry summer, the Environment Agency believed no such measures would be needed.

Today is Europe Day - but to the pleasure of the Tory right the EU's flag will not be flying over public buildings in Britain.

ingratiating himself with the Euro-sceptics, Malcolm Rifkind, the Foreign Secretary, endorsed the stand of Michael Forsyth, the Scottish Secretary, in refusing to fly the flag of stars to commemorate the 46th anniversary of the community.

Mr Forsyth was ostensibly making a protest at the EU ban on British beef exports, but according to the Foreign Secretary he was simply following Government policy.

The flag was raised at Question Time by Nicholas Winter, Tory MP for Macclesfield, who denounced the anniversary as "pathetic and expensive propaganda". Mr Forsyth had been right to fly the Union Jack and "not to peddle this pathetic multi-starred yellow flag".

"It has, in fact, been the pol-

### Inside Parliament

**Stephen Goodwin**

sign secretary, challenged Mr Rifkind to make it clear whether the Cabinet agreed with the sceptic or the pro-European wings of the Conservative Party. "The Government's view on the EU is consistent with the views of the British public," Mr Rifkind snapped back.

Labour MPs jeered, but the Foreign Secretary's sharp response was appreciated on both sides of the House. Not so the insult handed out by his Minister of State, David Davis, to Mr Cook.

Rejecting a charge that the Tories face two ways on Europe, Mr Davis replied: "...looking at the honourable member of Limestone, if he had two faces, he wouldn't use the one he's got." Mr Cook may be a bit Puckish, but the personal jibe and the groans which greeted it only confirmed Mr Davis's reputation as an occasionally inept Commons performer.

## Police call for GPs to screen gun users

HEATHER MILLS

Police chiefs yesterday called on doctors to play a part in the tougher vetting of firearms users to stem Britain's growing "gun culture".

While rejecting psychological profiling as "ineffective", the Association of Chief Police Officers said GPs should have to fill in questionnaires aimed at revealing anything in an applicant's mental or physical health history which may make them unsuitable gun owners.

People wanting a gun licence should also have to advertise their application in local newspapers.

Jim Sharples, Chief Constable of Merseyside and association president, in evidence to the Commons Home Affairs Select Committee which is examining gun law in the wake of the Dunblane massacre - said police needed wider powers to turn down licence applications.

The medical profession has already rejected the suggestion GPs should judge patients or breach confidentiality.

## National sports centre 'a waste'

JOHN RENTOUL  
Political Correspondent

Labour yesterday attacked the Government's plans for an Academy of Sport because it intends to centralise it in a single site, possibly in the Midlands.

Jack Cunningham, Labour's national heritage spokesman, accused the Government of failing to consult sports bodies who would prefer several regional academies. The Prime Minister launched the plan last year as the centrepiece of his "sport for all" initiative to commemorate the millennium.

Dr Cunningham warned the scheme would be a waste of the £100m allocated to the project from National Lottery profits.

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## international

# Russia softens threat to expel diplomats

PHIL REEVES  
Moscow

Moscow's hardline Federal Security Service yesterday appeared to back off a demand that nine British diplomats be expelled for running a spying operation, but it insisted some officials would have to go.

The softening of tone came as the British ambassador to Moscow, Sir Andrew Wood, met Russia's deputy foreign minister, Sergei Krylov, in a further attempt at compromise in a row which is both about espionage and the delicate task of saving face.

The Secretary of State for Defence, Michael Portillo, suggested yesterday that Russia may drop its threat to expel the diplomats.

"We hope that continuing discussions will produce an amicable conclusion to this regrettable incident," he said. At a meeting on Tuesday between Sir Andrew and Russia's Foreign Minister, Yevgeny Primakov, "it wasn't clear whether these expulsions will proceed or not", Mr Portillo said.

On Tuesday the Federal Security Service (FSB) said it wanted to expel nine British diplomats whom they accused of being "career spies" with links to a young Russian government worker who was



Primakov: Not certain the expulsions will go ahead

allegedly caught supplying MI6 with sensitive political, defence and strategic information.

The agency's approach contrasted markedly with that of the Russian Foreign Ministry, which declined to confirm that any diplomats would be expelled and emphasised the need to continue good relations with London.

Yesterday, however, the FSB moderated its stance. "The question of expelling nine diplomats is on the agenda," a spokesman told Interfax news agency. "At issue is the time-scale and the number of diplomats who will be declared *persona non grata*."

Behind the scenes, though, the FSB was still claiming the

credit for a successful spy catching operation, unmoved by Britain's protests that it has failed to support its allegations with evidence. An unnamed FSB spokesman told Interfax: "We did our job. The job of the politicians is to find a solution which most adequately meets the national interests of the Russian Federation."

Sources close to the agency told journalists the FSB had been determined to stop a surge in espionage which followed the end of the Cold War, and which was fuelled by a rush to earn money by Russians in sensitive but badly-paid jobs. This was primarily a matter of counter espionage, rather than international or domestic politics.

While the scandal may have eased slightly, speculation about what went on behind the scenes has not. In particular, the episode raises questions about the difficult relationship between the security services and the Kremlin.

It seems inconceivable that a decision as momentous as expelling nine diplomats, more than a tenth of the British mission in Moscow, would not have the approval of Boris Yeltsin and his inner circle, who may have viewed it as a way to curry favour with the nationalists before next month's presidential elections, he said.

Yet the FSB has not seen eye to eye with the President recently, particularly over his attempts to settle the conflict in Chechnya. They were particularly incensed last month when some 90 Russian federal troops were wiped out in a rebel Chechen ambush on a convoy. There are signs that its forces in Chechnya are outside the control of the Kremlin, and that security officials have been withholding information from the President.

A proportion of the FSB, a successor organisation to the KGB, are hardline Communists who would like nothing better than a return to the influence they enjoyed in Soviet times (although they remain powerful). The decision to leak plans to throw out nine Britons may have had as much to do with a desire to confuse and distract Mr Yeltsin and the Kremlin during their feverish election campaign as with efforts to punish British secret intelligence.

A Russian MP, Konstantin Borovoi, yesterday described the row as a "put-up job", which was intended to damage the Yeltsin camp. "This provocation has already produced a result undermining the President's prestige both in the world arena and within the country," he said.

## Hostilities intensify as Liberia peace talks break down



Streets of death: A young boy fighter with Charles Taylor's NPFL movement firing his machine gun during heavy exchanges in the Liberian capital Monrovia yesterday. Meanwhile, talks in Accra, Ghana, aimed at bringing about a ceasefire ended in failure after being boycotted by most West African leaders. Photograph: Corinne Dufka/Reuters

## Mandela hails act of rebirth from evil past

BRENDAN BOYLE  
Reuters

Cape Town — South Africa adopted a permanent post-apartheid constitution yesterday, putting aside divisions between black and white-led parties for what President Nelson Mandela called the nation's rebirth from a horrible past.

Members of both houses of the first all-race parliament gathered together as the special Constitutional Assembly approved the new constitution by a sweeping majority following an 11-hour deal to bury remaining differences.

"And so it has come to pass that South Africa today undergoes her rebirth, cleansed of a terrible past, matured from a tentative beginning and reaching out to the future with confidence," Mr Mandela told the assembly in Cape Town.

"This is our national soul, our compact with one another as citizens," the ANC leader said.

"Never again shall the laws of our land rend our people apart, or legalise their oppression and repression. Together we shall march, hand in hand, to a brighter future."

The last-minute accord saved the country from a divisive referendum at a time when the economy is under pressure and political killings in the Zulu heartland have delayed local elections there.

The majority ANC and the white-led National Party (NP) clinched their deal after reaching compromises on the right to single-language education, branded an apartheid hangover by the ANC, property rights and employer lock-outs.

"There is a very strong sentiment in the party that the time has come to pull out of the government of national unity," one senior NP source said.

Inkatha's 48 members of parliament were nowhere to be seen during the vote.

The 10 members of the right-wing Freedom Front, whose dreams of a separate white homeland have faded, abstained. Nine other votes were not recorded and two lone legislators from a Christian party which wanted abortion outlawed, voted against.

A deal had to be in place by a deadline of today, a day before the second anniversary of Mr Mandela's inauguration.

## Chirac wrests Joan of Arc from Le Pen

MARY DEJEVSKY  
Paris

President Jacques Chirac moved yesterday to reclaim Joan of Arc as a mainstream French national heroine after years in which her image has been monopolised by the extreme right National Front.

During an unscheduled trip to Orleans, Mr Chirac presided over celebrations to mark the 567th anniversary of the city's liberation from the English in 1429. He had earlier led France's national commemoration of VE day in Paris.

Speaking at the Orleans ceremony, in words pointedly addressed to the National Front and its sympathisers, Mr Chirac said that Joan of Arc was "remote from all contempt and hatred" and "belonged to all the French". She was, he said, "opposed to all intolerant, negative and violent language of the sort that people sometimes venture to use in her name".

"Her France was a France with ambition, proud of its identity and its history, but also

generous... Her values were those of justice, love, freedom and peace... she belonged to all the French and to all France."

Standing beside the socialist mayor of Orleans and former minister, Jean-Pierre Steur, Mr Chirac said the Maid of Orleans "exhorts us to unite... and overcome our quarrels, divisions and selfishness".

Mr Chirac's decision to take the battle to the National Front reflects in part his long-standing personal crusade against the extreme right.

However, it also reflects a new strategy by the Gaullist party to present itself as the party of reasoned patriotism as opposed to the front's extreme nationalism.

Mainstream politicians of left and right are concerned to win back ground from the National Front before the legislative elections of 1998. They fear that the front could improve on its record 15 per cent share of the vote in last year's presidential election and even hold the balance of power in a hung parliament.

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## international

# Battles rage as nuclear cargo arrives

MARTIN SCHMIDT-BLEEK  
Reuter

Görleben, Germany (Reuter) — A 40-tonne shipment of French-processed atomic waste reached a German storage depot yesterday after pitched battles between an army of riot-clad police and about 3,000 anti-nuclear protesters.

The normally-peaceful farmland around Görleben in north Germany looked like it was hit by a civil war as the controversial shipment arrived.

Several thousand helmeted police lined country lanes near the medium-term storage depot, 120 km (75 miles) east of Hanover, and used water cannon, tear-gas and clubs to clear away waves of anti-nuclear protesters.

Eighteen policemen and two demonstrators were injured and several protesters detained when the crowds tried to block the radioactive cargo from moving some 20 km (12 miles) on a giant flatbed truck from the Dannenberg railway station to Görleben.

"It would almost be fitting to use the word 'war' at the moment," said a police spokesman, who could not give exact numbers of those detained.

Barricades and bonfires blocked roads and, in some villages, farmers dumped piles of manure in the streets in a last-ditch effort to stop the truck.

A thick wedge of riot police, backed up by water-cannon trucks trying to hose away sit-down strikers, headed up a long procession of police vehicles protecting the waste shipment.

The radioactive waste, which

crossed into Germany from a French reprocessing plant by rail at midday on Tuesday, had made its way through most of the country practically uninhabited. It was the first of around 110 shipments set to carry nuclear waste and fuel back to German reactors over the next eight years.

In Bonn, a spokesman for the environmentalist Greens accused police of brutality and said the German government was trying to make the Görleben depot into "an atomic toilet".

But Peter Hintze, general secretary of Chancellor Helmut Kohl's Christian Democrats (CDU), blamed the protesters. "One shudders when one sees how a radical group tries to hinder this transport with uninhibited violence against people and property," he said.

Before the transport reached Görleben, police helicopters roared overhead to survey the scene and police dogs snarled at activists hurling stones and shooting fireworks.

"This no longer has anything to do with peaceful protests," a police spokesman said.

The truck, carrying the waste in a hardened container under a blue tarpaulin, stopped briefly between Dannenberg and Görleben at a place where protesters had dug underneath the road, but was then able to continue.

Activists had already clashed with police in the area on Tuesday afternoon after trying to sabotage the railway tracks.

The waste shipment eluded observers from the environmental group Greenpeace who had staked out the world's



Forest protest: Anti-nuclear demonstrators in Germany burn barricades to try to block the nuclear waste consignment. Photograph: Reinhard Krause/Reuter

largest nuclear reprocessing plant in La Hague in northern France. They had hoped to tip off their German counterparts.

Greenpeace demonstrators kept vigil along the tracks near Görleben during the night. De-

fying a ban on protests in the area, they sat around campfires singing songs like "We Shall Overcome".

The train, with locomotives at each end, had included four cars carrying police and nuclear safety officials.

Despite the tight security, about 30 protesters managed to halt the train briefly by sitting on the tracks near Darmstadt in western Germany on Tuesday. They left peacefully at the request of police.

Interior minister Manfred Kanther instructed border guards and railway police on Tuesday not to shy away from using force if it was needed to prevent militants from vandalising rail lines.

## Howard targets gun laws armed with massacre outrage

ROBERT MILLIKEN  
Sydney

Presided over by John Howard, the prime minister, and spurred by public outrage, police ministers from around Australia will gather tomorrow in a bid to tighten the nation's ramshackle gun laws in the wake of the Port Arthur massacre of 35 people.

Called by Mr Howard after the slaughter in Tasmania 11 days ago, the meeting is seen as a do-or-die attempt to bring in strict, uniform controls, smother the political influence of the rural-based gun lobby and head

off a growing "gun culture". In New South Wales, the most populous state, the rate of murders committed with guns is one-tenth that in America, but seven times greater than in England and Wales. Since 1984, 87 people have died in mass shootings in Australia.

Military-style, semi-automatic weapons and pump-action shotguns were used in the four worst shooting spree. Duncan Chappell, a Sydney criminologist, said yesterday: "If we can't get over the top at this point, I would be pessimistic about us ever being able to do it."

Mr Chappell headed an inquiry by the National Committee on Violence after two mass shootings in Melbourne in 1987 left 15 people dead. It concluded prophetically that, unless there were tighter gun controls, more such horrors would follow. Canberra banned the import of automatic and semi-automatic weapons as a result.

But power over guns remains with Australia's six parochially-minded state governments. Most have quivered at threats by the wealthy gun lobby, backed by the powerful American National Rifle Association,

to use its political muscle in country regions where farmers see gun ownership as a right.

Meanwhile, the national arsenal has grown insidiously. Mr Chappell's inquiry estimated there were four million guns in Australia, roughly one for every five Australians. Other estimates suggest 10 million, most unregistered. According to Daryl Williams, the federal attorney-general, there may be three million semi-automatic, self-loading or pump-action guns in Australia and a further 350,000 military-style, semi-automatic weapons.

Federal and state ministers have met 20 times over the past six years, but failed to agree on reforms such as a national gun registration scheme, a ban on mail-order sales – which is how the alleged Port Arthur gunman, Martin Bryant, obtained his weapons – and rules on safety training and gun storage.

Having exposed the flimsiness of Australia's rules and shocked the nation, the Port Arthur massacre is likely to prove a turning point. Mr Howard will tomorrow present a plan for uniform national laws which include a complete ban on the use of automatic and semi-automatic weapons, rules restricting other guns to approved groups, and tighter vetting of people granted licences.

There will be a six month amnesty for the surrender of banned weapons, and terms of up to seven years for those who fail to comply. Mr Howard will also propose compensation for those who surrender outlawed guns, a scheme that could cost £300m (£150m). Public opinion is overwhelmingly behind the proposals. Opinion polls show support running at more than 90 per cent.

Agriculture, which absorbs almost half of the central budget, is still the area most susceptible to fraud, accounting for half of last year's cases. Swindlers, the EU's generous regional and social grants schemes increased three-fold last year, with detected losses of £54m. In one case, the head of a Danish job-training institute was found to be diverting funds intended for France, the UK and Ireland.

Lorry-loads of meat, live cattle, bananas, butter, sugar and milk powder were involved in cases uncovered last year, representing £60m in lost revenue.

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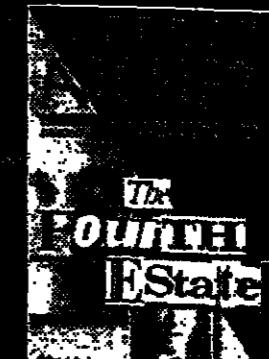
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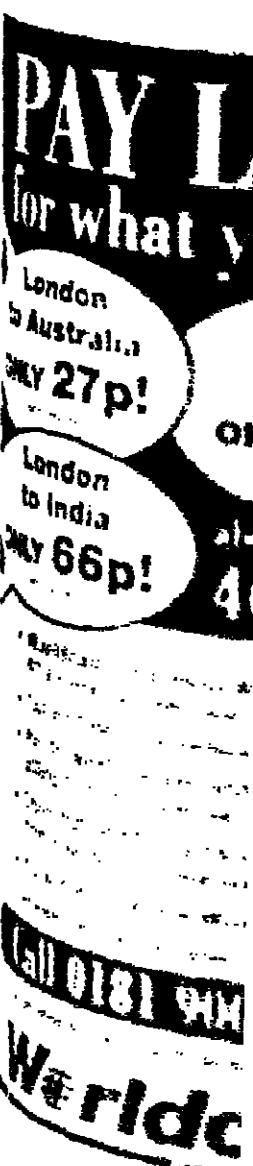
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# international

**Ugandan elections:** Voters expected to endorse president who led them out of the darkness

## Museveni lays ghosts of past dictators

DAVID ORR  
Kampala

No one could accuse Ugandans of political apathy. They have turned up in their thousands, singing, dancing and waving branches at countrywide rallies in the run-up to today's elections, Uganda's first ever direct presidential poll.

In a nation where political parties are officially disallowed and where candidates must stand as individuals, such fervour might seem surprising.

Both main contenders have been campaigning tirelessly, criss-crossing the lush landscape before converging in the last few days on the capital, Kampala. Despite widespread predictions that the incumbent, President Yoweri Museveni, will comfortably win the elections, his main opponent, Doctor Paul Ssemogerere, has had more success in opinion polls and has drawn bigger crowds than was originally anticipated.

While today's vote is ostensibly about the direction Uganda will take in the future, the



Milton Obote: Southern Ugandans fear his return

issues underpinning it point very much towards the past. Uganda was, in the words of a western diplomat here "the first major country in Africa to go to hell". Its people have bitter memories of the regimes of both Idi Amin in the 1970s and of Milton Obote in the first half of the 1980s.

Foremost in the minds of most Ugandans is the desire to avoid a repeat of those terrible years during which as many as three quarters of a million people were killed. President Museveni is the man who defeated Obote and put an end to the brutal cycle of suffering and ruin.

Since the advent to power in 1986 of President Museveni and his National Resistance Movement, Uganda has known a decade of relative peace and prosperity. With an average economic growth rate of 6 per cent per annum, the country has become the darling of the western donor community which funds it to the tune of some £350m a year. It is for this reason that the Museveni camp has

chosen the uninspiring election slogan, "No change", which does little credit to the president's reputation as a reformer and moderniser.

The task facing Dr Ssemogerere, the candidate fielded by the two main opposition parties, is a difficult one. A former cabinet minister and the believed winner of the rigged 1980 elections which brought Obote to power for a second time, Ssemogerere is a respected politician. However, he lacks the charisma and track record of his opponent.

The Ssemogerere manifesto promises to replace Museveni's "no-party" system with multi-party democracy. It also pledges a negotiated resolution of a localised but vicious rebel insurgency in northern Uganda and improved relations with the Sudanese government, which is supporting the Lord's Resistance Army (LRA) rebels.

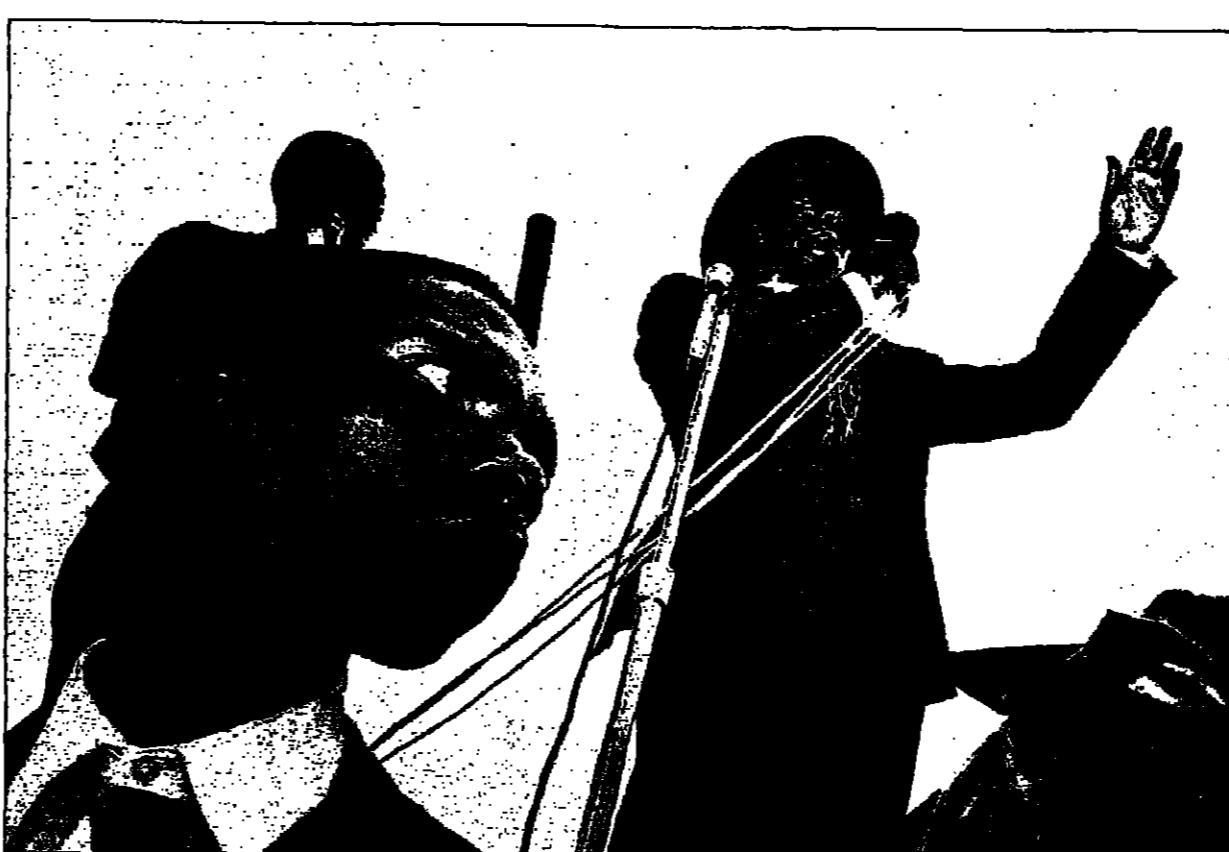
The LRA's endorsement of Doctor Ssemogerere's campaign has, however, alienated many Ugandans, particularly in the south. Also causing concern to many is the alliance between Doctor Ssemogerere's Democratic Party (which has a southern support base) and the Uganda People's Congress (UPC), the party of the exiled Milton Obote, which draws most of its support from the north.

While himself of untarnished reputation, Doctor Ssemogerere has underestimated the terrible associations which the UPC holds for many Ugandans. By publicly announcing that he would not prevent Obote from returning to Uganda if elected, Ssemogerere sent shock waves through those southern areas which suffered most under the dictator.

"I feel frightened when I hear talk of Obote coming back", says John Mukasa, a farmer in a village within sight of Lake Victoria. "My wife was beheaded and I was tortured during that man's regime. I had two farms which were both destroyed by the army. It was Museveni who lifted Uganda out of the pit it had fallen in to. Now there are new houses appearing in this neighbourhood, the children are all going to school and there are smart cars on the road".

Mr Mukasa says he is not concerned by President Museveni's opposition to multi-party politics. Like the president, he believes political parties will resurrect the ethnic tensions which tore Uganda apart under dictators Amin and Obote.

There are, however, growing indications that the international community, in particular the United States, will reduce donor support for the Museveni government unless greater moves are made towards multi-party democracy.



Voice of stability: President Yoweri Museveni addresses supporters on the last day of campaigning. Photograph: AP

## Patten fights China's corner

STEPHEN VINES  
Hong Kong

Chris Patten, the Governor of Hong Kong whom China describes as a criminal, is turning out to be Peking's most important ally in securing Most Favoured Nation (MFN) trade status from the US.

Mr Patten is visiting the US and taking every opportunity to press for renewal of MFN next month. Although he said: "I make no case for China to have its MFN status renewed", he also argues it is his job to "make the case for Hong Kong that China's MFN status should be renewed". He says the colony will suffer from non-renewal, as its economy depends heavily on trade with China.

On Tuesday he met the Vice President, Al Gore, and said he had received an assurance that Washington intended to renew MFN for China. He also defended renewal to Senator Robert Dole, the Republican presidential candidate who is under pressure to make trade with China a political issue.

Mr Patten's efforts have cut little ice with Chinese officials in Hong Kong who accuse the Governor of being "insincere" and "playing tricks" on his US visit. They say he is stimulating unjustified "internationalisation" of Hong Kong's affairs.

The visit by Mr Patten comes a week after another by Martin Lee, the leader of Hong Kong's Democratic Party, who China describes as "a subversive". He used his strong human-rights credentials to put the case against trade sanctions on China. Mr Lee told influential Americans, including Mr Gore, that there was a case for dismantling trade from China's human-rights record.

Peking has threatened retaliation against American businesses if US threats of sanctions to counter the abuse of intellectual property rights are carried out and if MFN is not renewed. Although Mr Patten is being helpful on trading issues, he has bolstered Chinese suspicions by pressing the case also for democratic progress in Hong Kong.

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## obituaries/gazette

### Dominguin

Luis Miguel Gonzalez Lucas, "Dominguin", inspired a book by Hemingway, joked with both Franco and Picasso and had affairs with a string of Hollywood film goddesses including Ava Gardner. Regarded as one of the best bullfighters ever, he was the son of a bullfighter and entered the ring alongside his brothers, who also became bullfighters at the age of 10.

He went on to become a fully-fledged matador at the age of 17, and attained stardom by eclipsing the great Manolete in the 1944 season, and became known as the "dark, tall, narrow-hipped, with his neck a little too long for a bullfighter". The images showed him cheekily patting a passing bull on the backside as he twisted elegantly within milimetres of the deadly horns.

Dominguin was very friendly with Franco, with whom he often went hunting. "I used to tell him the jokes people told about him, and that amused him a lot," the bullfighter reminisced. He once turned to his advantage an awkward moment when, at the end of a hunt, one of the dictatorship's strongmen, who had tried to link the bullfighter to the outlawed Communist party, asked him, in front of Franco, which of the three brothers was the Communist. Dominguin answered "All three!" to roars of laughter from the *Generalísimo*.

Notorious for his arrogance, Dominguin frequently took part in café discussion circles with prominent intellectuals of his day, without being bothered for one moment by the fact that he never read their works. "My thing is bulls," he insisted.

He was criticised throughout his scandal-ridden life for the excesses of his personality, but the controversial bullfighting star of a later generation, Manuel Benítez "El Cordobés", said of him yesterday: "He had a lot of authority. And someone who radiated such glory and provided many good bullfighting afternoons leaves his mark. He'll always be remembered."

He married the Italian film-star Lucia Bosé in Las Vegas in 1954, and in a Spanish church ceremony the following year. They had three children, with Pablo Picasso and Luciano Visconti as godparents. Their son, Miguel Bosé, became a leading actor and singer.



Dominguin: one of the best bullfighters ever, he once travelled to Mozambique to fight wild buffalo

### Jack Weston

As both villain and comic actor, chubby Jack Weston excelled in inept blunderers who are not quite as smart as they think they are and frequently come to grief.

As a hitman in *Mirage* (1965), he is heartlessly shot by his colleague when being used as a human shield by the hero, in *Wait until Dark* (1967) he is run down by the mastermind he and his pal plan to double-cross, and in *Istar* (1987) he is agent for two of the world's worst songwriters. His fine flair for comedy was showcased both in Hollywood and on Broadway (where he received a Tony nomination), notably in works by Woody Allen, Neil Simon and Alan Alda.

He was born Morris Weinstein in Cleveland, Ohio, in 1925, and at the age of ten was enrolled by his father in Cleveland Playhouse after his schoolteacher had complained that the mischievous boy seemed happiest when playing-acting. After serving as a machine-gunner in Italy during the Second World War, he studied at the American Theatre Wing in New York, stating: "If someone would give me \$80 dollars a week for life just to let me act that's all I'd ever ask." After marrying actress Marge Redmond, he worked as dishwasher and elevator operator prior to his Broadway debut in the play *Seasons in the Sun* (1950), which preceded other small roles on stage and in the early days of live television. In 1957 he and Marge decided to try Los Angeles where he was immediately cast in an episode of the television west-



Weston: flair for comedy

*Wait until Dark* and *The Thomas Crown Affair* (1968), demonstrated his fine flair for comedy in *Please Don't Eat the Daisies* (1960), *It's Only Money* (1962), *Cactus Flower* (1969), *A New Leaf* (1971), and *Fuzz* (1972), a farcical account of police work which included a memorable sequence in which cops Burt Reynolds and Westons disguise themselves as nuns.

A compulsive worker and worrier, Jack Weston found the Los Angeles boring, and returned to New York in 1975.

The following year he repeated on screen his stage role in Terence McNally's *The Ritz*, as a heterosexual male who, flee-

ing from would-be killers inadvertently takes refuge in a homosexual bath-house. With Richard Lester's frantic direction, what had been hilarious on stage seemed a forced farce on screen, but the same year Weston had a Broadway triumph, with a leading role in Neil Simon's *California Suite*, starring in two of the four playlets. A self-confessed "hypochondriac, paranoid, nervous wreck", Weston and leading lady Tammy Grimes didn't speak to each other off-stage throughout the play's run.

Weston's association with Simon continued when he headed the touring company of *The Last of the Red Lovers*, and in 1981 Woody Allen cast him as a sleazy personal manager in his play *The Floating Light Bulb*, for which he received a Tony nomination (he was beaten by Ian McKellen in *Amadeus*).

The same year he starred on screen in Alan Alda's perceptive story of four marriages through the years, *The Four Seasons*, as a cantankerous dentist, and he played the same role in a spin-off television series *1984*. His last stage appearances were in *Measure for Measure* and a revival of Paddy Chayefsky's *The Tenth Man* (1989), but for the last six years he banished with lymphoma.

Morris Weinstein (Jack Weston), actor, born Cleveland, Ohio 21 August 1925; married Marge Redmond (marriage dissolved), Laurie Gilkes; died New York 3 May 1996.

On the morning of 24 August 1944 a reconnaissance plane flew over the Ile de la Cite in Paris and dropped a message. It was signed by General Crémip and it stated "Hold on! we are coming." This meant that General Leclerc was on his way and was going to relieve the French capital where insurgent forces were still fighting against the German army. That evening, at about 10.30, the first units of Leclerc's army arrived and the bells of Paris rang out in celebration.

This was the most dramatic moment in the distinguished career of General Crémip and, unfairly perhaps, it is the best remembered.

He was already a distinguished officer, a specialist in artillery, when he joined Free France in the summer of 1940. He was attached to Leclerc and his army in West Africa, and he fought with them in their epic expedition to Tripolitania. From there he transferred to Britain, to prepare the Second Armoured Division for the invasion of France. He was beside Leclerc from the moment the division landed in Normandy, but in spite of his loyalty to him, it was typical that he should afterwards have been critical of his tactics, particularly claiming that Leclerc's deployment of troops hindered the movement of the American army under General Gruen.

In 1945 Crémip was sent to Indo-China with General Leclerc. They had the task of negotiating for the future French re-occupation of Indo-China. For a time Crémip was in Chung King and negotiated directly with Ho Chi Minh. He was later the chief French representative in Hanoi. When Leclerc returned to France in January 1947, the question arose as to whether he should return to Indo-China as French High Commissioner and carry out his policy of giving the French colonies some degree of independence. Crémip assisted Leclerc in this period of negotiation and indecision, and is one of the few sources of information about the stormy interview between de Gaulle and Leclerc, which turned out to be their last meeting. Leclerc refused Indo-China and was killed in an air accident shortly afterwards.

But Crémip had other occupations. In 1945 de Gaulle had erected a Commissariat for Atomic Energy, and after his retirement it continued to function and it was always helped by Gaullists in various positions. Crémip, who had been made brigadier-general, played a most important role. He was in charge of the committee for nuclear explosions, a committee that was so secret that few government ministers knew anything about it. He can therefore be considered one of the creators of the French bomb, although when it was exploded and an excited de Gaulle cried "Hurrah for France", the more realistic Crémip said that it was "only an experimental device".

But before this event (13 February 1960) Crémip had, like many army officers, to go through the expedience of Al-



Crémip: one of the creators of the French atom bomb

vinced de Gaulle that such bloodshed would be fatal, and it was his policy which succeeded, the insurrection simply petering out.

For this Crémip was promoted to be Commander-in-Chief in Algeria, but here he was less successful. He was nicknamed "Casse-noisette" because of his prominent jaw, and he was distrusted as being too close to de Gaulle. At the same time he was influenced by the atmosphere and uttered several "Algérie française" remarks. He was therefore removed to take command in Germany and also to command the Central Europe section of Nato. He was the youngest five-star general in the French Army when he retired in 1967.

He then began a career as an industrialist. His experience as a military engineer made him an ideal president of the North Aviation Company, and eventually in 1970 the National Society of Aerospace Industry, and the French-German Euromissile Company. In this capacity, the man who was one of the creators of the French atomic bomb became one of the creators of the Exocet and other missiles.

General Crémip had many decorations, including the Distinguished Service Order.

Douglas Johnson

Jean-Albert-Endre Crémip, soldier and industrialist; born Bourg-en-Bresse, Somme 1 September 1908; married 1948 Simone Granday (deceased); two daughters; died Achères-la-Roche, Seine-et-Marne 4 May 1996.

#### BIRTHS

GUTHRIE: Rowena Victoria, born on 29 April 1996, the fourth, to Caroline (see fee) and Mark, a sister for Cameron, who is delighted to be a mother.

#### DEATHS

EWING: At the Marie Curie Centre, Newcastle, on 6 May 1996. George James Ewing, aged 31 years. Devoted husband of Stephanie Ewing, a precious dad to Katie, West Monckton. Whiley Bay, very dead son of Jim and Elma, Inverurie, and a much-loved brother to Alan and Donna. Sadly missed. Their loving service will take place at St Andrew's Parish Church, Inverurie, on Saturday 11 May at 10am, thereafter to Inverurie Old Cemetery. All friends respectfully invited. Donations to Marie Curie Centre at the church door, if so desired.

LAWRENCE: John Stewart MD FRCP. On 6 May 1996, aged 88. Funeral, Peat Green Crematorium, on Friday 10 May at 12.30pm. Memorial service to be arranged later. Donations to

### Births, Marriages & Deaths

if wished, to Parkinson's Disease Society.

SMITH: On 7 May 1996, peacefully, Sir Michael Smith, Service to place at the Kent and Sussex Crematorium, Tunbridge Wells, on Thursday 16 May at 12 noon. Family requests, only donations if wished, to RNIB or MND c/o RNIB Headquarters & Sons, High Street, Burwash, East Sussex, telephone 01435 882219.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephone 0171-232 2011 or faxed to 0171-533 2110, and are charged at 55.50 a line (VAT extra).

Appointments to Northern Circuit.

Mr David Nelson Hayes, to be a district judge, assigned to the South Eastern Circuit.

District Judge Williamson, to be a circuit judge, assigned to the Northern Circuit.

Mr Anthony Figgis, to be Ambassador to the Republic of Austria.

Mr Robert Dewar, to be Ambassador (non-resident) to the Federal Islamic Republic of the Comoros.

Mr John Reginald Clegg, to be a dis-

#### Birthdays

Mr Richard Adams, author, 76; Mr Alan Bennett, actor and playwright, 62; Miss Charlotte Bingham, 80; The Right Rev Cyril Bowles, Assistant Bishop, Diocese of Gloucester, 80; Miss Sheila Burrill, actress, 74; Mr John Cook, surgeon, 56; Lord Cooke, President, New Zealand Court of Appeal, 70; Mr Terry Downes, boxer, 60; Mr Albert Finney, actor and director, 60; Mr Carlo Maria Giulini, conductor, 82; Dr Douglas Guest, organist, 80; Sir Joshua Haskins QC, former Chief Minister of Gibraltar, 81; Vice-Admiral Sir John Hayes, 83; Sir Geoffrey Holland, Vice-Chancellor, Exeter University, 78; Miss Glenda Jackson, MP and actress, 60; Mr Bill Joel, singer, 47; Mr Matthew Kelly, broadcaster, 46; Sir Francis Kennedy, former diplomat, 70; General Sir Peter Leng, former Master-General of the Ordnance, 71; Lord Lloyd of Berwick, a Lord of Appeal in Ordinary, 67; Mr Gavin Lyall, author, 64; Sir John McDermott, a Lord Justice of Appeal, Northern Ireland, 69; Miss Geraldine McEwan, actress, 64; Professor Alastair MacFarlane, Principal and Vice-Chancellor, Heriot-Watt University, 65; Mr Brian McMaster, Director, Edinburgh Festival, 53; Sir Philip Mansfield, former diplomat, 70; Dr Roy Massey, organist and Master of the

Choristers, Hereford Cathedral, 62; Mr William Ober, MP, 54; Sir David Pastow, Chairman, Medical Research Council, 64; Mr John Robertson, former deputy chairman, Barclays de Zoete Wedd, 62; Dr Bernard Rose, organist, 80; Mr Patrick Ryecart, actor, 44; Miss Joan Sims, actress, 66; Admiral Sir Victor Smith, former chairman, Australian Chiefs of Staff Committee, 83; Mr Graham Ward, chairman, World Utilities Group, Price Waterhouse, 58; Sir Nicholas Wilson, High Court judge, 51.

Deaths: Sir James Matthew Barrie, novelist and playwright, 1860; Howard Carter, painter and Egyptologist, 1873. Deaths: Johann Christopher Friedrich von Schiller, poet and playwright, 1805; Joseph Mallah Dent, publisher, 1926. On this day: Colonel Thomas Blood, an adventurer, attempted to steal the Crown Jewels, 1671; a fire broke out at the Empire Theatre, Edinburgh, killing the Great Lafayette illusionist, nine of his company, a lion and a horse, 1911; Britain's first laundrette opened in Queen'sway, west London, 1949. Today is the Feast Day of St Beatus of Liégen, St Beatus of Tarragona, St Geronimus of Cervia and St Pachomius.

#### Lectures

National Gallery: Kathleen Adler, "Spring Chickens (II): Suet, feathers and feathers", 1pm.

National Portrait Gallery: Jonathan Stephenson, "Sir William Henry Perkin (1839-1907): synthetic dyes and a new world of colour", 1.10pm.

RIBA Architecture Centre Sir Terence Conran, "The Pulse of a City: the growing coffee society in London", 6.30pm.

Receptions

Foreign and Commonwealth Office

Mr Jeremy Stanier MP, Minister of State for Foreign and Commonwealth Affairs, was the host at a reception held yesterday at Lancaster House, London SW1, for the Royal United Services Institute, as part of the RUSI seminar, "Cooperation and Partnership for Peace: a contribution to Euro-Atlantic Security into the 21st Century".

Receptions

The Pergamon

Professor Sir Ghillean Prance, Director of the Royal Botanic Gardens at Kew, received the guests at the Pergamon's Spring Reception held yesterday at the gardens in Kew, Surrey. Mr Robert Worcester, Chairman,

also spoke. Dr Shirley Sherwood gave a guided tour of the gardens and botanical art exhibition.

#### Dinners

Air Chief Marshal Sir Michael Graydon, Chief of the Air Staff, presided at a dinner held yesterday evening by the Air Force Board Standing Committee, at RAF Bentley Priory, to mark the retirement of Air Chief Marshal Sir Michael Stear, Deputy Commander-in-Chief, HQ Allied Forces, Central Europe.

Institute of Materials

Sir Ronald Mason, President, presided at the Annual Dinner of the Institute of Materials held yesterday evening in the Great Room at Grosvenor House, London W1. Mr Brian Moffat and Professor Brian Fender also spoke. Sir Ronald presented the Bessmer Gold Medal to Mr Brian Moffat, the Platinum Medal to Professor A.J. Kinloch, and a Certificate of Honorary Fellowship to Dr D. McLean.

Coningsby Club

Mr Michael Heseltine MP, Deputy Prime Minister, was the guest of honour and speaker at the Bader Lecture held yesterday evening at the Coningsby Club at the Carlton Club, London SW1. Mr Peter Brooke MP, President of the Club, presided.

Chatham Dining Club

Sir Robin Butler was the principal guest at a meeting of the Chatham Dining Club yesterday evening at St Edmund's Hotel, London SW1. Mr Tristram Ricketts was in the chair.

### Professor Keith Kelsall

Keith Kelsall achieved academic distinction in sociology and social history with a minimum of self-display. His style of scholarship was to build knowledge incrementally while leaving interpretation unobtrusive.

Perhaps this is why, for example, his outstanding study of the recruitment of *Civil Servants in Britain* (1955) is less well remembered than its pioneering quality warrants. When he master-minded the formation of a new department of sociology and social administration at Sheffield University from the late 1950s, he led by scholarly example rather than by managerial direction. But his quiet persistence and tactful influence forged secured a solid base for growth.

He helped to found the British Sociological Association in 1957, as well as its journal in 1967, and crowned his service as general secretary, treasurer and chair (1957-66) by becoming president (1977-79); all this with dedication, shrewd sense and liberal purpose, yet with a characteristic abstention from fanfare. The peak of his career coincided with turbulence around sociology as an ostensible flagship of radical expectations in the late Sixties and early Seventies. But it was in keeping with both his intellectual priorities and his reserved temperament that he maintained his commitment to the discipline while never acceding to pressures from either hectic iconoclasm or hardset counter-reaction.

Keith Kelsall was the son of a Glasgow civil engineer and an English-born mother. After a prize-winning school career at Kelvinside Academy he gained Firsts in both History and Political Economy from Glasgow University. He then worked briefly for G.K. Chesterton's Distribution Society (which looked towards a fairer distribution of wealth), and, by rather curious contrast, as a tutor for the Bonar Law College at Ashridge, and was then appointed an assistant lecturer at Hull University College, where he began a formidable record of publication with books on

industrial relations and their history. He moved during the Second World War to employment for the Ministry of Town and Country Planning in Birmingham, but resumed an academic career thereafter with sociological research at the London School of Economics. This included, in association with a major programme of enquiry led by David Glass into social mobility and professional group composition, both the civil service book and a first-ever survey of *Applications for Admission to Uni-*

*versities* (1957), commissioned by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom, which paved the way for the extensive socio-statistical investigations that Claus Moser directed for the Robbins Committee a few years later.

Kelsall himself built on the interest he thus acquired in the social role of education, and in pathways to and beyond its higher levels, to produce over the 1960s and 1970s a series of informative reports and studies on such issues and their links with social stratification – this on several occasions in fruitful partnership with his wife Helen, an experienced practitioner in education; and on some others with younger colleagues.

Sheffield University's School of Social Studies, which Kelsall came to head in 1955, was then a small unit offering non-graduate introductory courses to a range of employments in social welfare. Within just a few years (1957), commissioned by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom,

# Family Fortunes

Can the Sainsbury family see off the toughest competition it has ever faced? **Paul Valley and Nigel Cope report**

**R**ags to riches and back in two generations, goes the old City adage. You get the general idea: enterprising father builds business, son gently dissipates the inheritance, and the grandson finishes the job by throwing it all away. Moral: beware of investing in dynastic companies run by the third or fourth generation.

There are plenty of exceptions – bankers like Rothschild or grocers like Sainsbury's. At least, until yesterday. Sainsbury's, for generations purveyors of quality groceries to the middle classes, posted its first slump in profits since it became a public company, with earnings tumbling to £712m last year compared with £809m the year before.

The failed family dynamic finally asserted itself within what was once Britain's largest food and wine retailer? "Was" being the operative word. Tesco, the erstwhile cheap and cheerful "pile it high, sell it cheap" grocer to the plebeian classes, has acquired style and last year stole the Sainsbury crown as the UK's largest food retailer.

Certainly the burden of the generations weighs heavily on the shoulders of chairman David, the sixth Sainsbury to run the company since it was founded in 1869. Every morning he walks along the corridors to his office on the fourth floor of the firm's headquarters in central London past the busts and portraits of his forebears, four generations of grocers who created Britain's most powerful commercial dynasty from the foundations of a single shop in Drury Lane.

He may be Britain's richest person, apart from the Queen, but his every commercial move is watched over by his uncle John Baron Sainsbury of Preston Candover, who was chairman of the business from 1969 to 1992. Though officially retired, he maintains an office on the sixth floor from where, as joint president of the company, he is said to monitor and sometimes question the moves his successor makes in what has turned out to be the most traumatic period in Sainsbury's 127-year history. Insiders report shouting matches.

The firm yesterday blamed the fall in profits partly on the £48m it had to shell out to convert the Texas do-it-yourself stores it bought more than a year ago into its own Homebase format. But the City's verdict was more wide-ranging. The company is a victim of its own arrogance, said Robert Clark, director of the marketing analysis Corporate Intelligence. "Sainsbury's", he said, "has been like a supertanker, wallowing in its own wake, unable to turn round."

Since he took the helm, Sainsbury's shares have slumped from 579p to 372p,

## MP leaves no stone unturned

The Register of Members' Interests could have contained a particularly interesting entry reading something along the lines of "Shepherd, Richard (Aldridge-Brownhills) – occasional income from running the Rolling Stones' box office", had the Honourable Member not passed up a potentially lucrative offer in his youth.

In a fund-raising video celebrating the centenary of the London School of Economics, the college turns to its rich and famous alumni for their memories. Shepherd recalls his then fellow student

Mick Jagger approaching him about a forthcoming gig. "He put a proposition to me: why don't I put up £40 and take all the money at the door?" Proudly revealing how well it was, Shepherd asked him if, in fact, he meant to say "pig", and later, seeing Jagger eating in the refectory with the rest of the Stones, advised him not to "consort with those types of persons". He goes on and explains his unfortunate career decision. "I am not a pop entertainer. I had to go for the next best thing, a backbench Conservative MP."

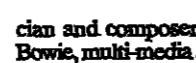
Jagger, who dropped out after one too many accountancy exams – well, one, actually – recalls meeting the future Euro-sceptic MP in 1961. But his memory of the incident is less clear. "Richard Shepherd tells a good story," he laughs. "He claims I offered him £40 of the gig money. Why would I give Richard Shepherd £40? Maybe it's true."

Well, he might be available again this time next year.

## Professor Eno turns the tables

Richard Shepherd can be relieved he wasn't at college with Brian Eno, musi-

## DIARY



## Action replay for Redwood

"Action Not Words" is the title of Edward Heath's election manifesto in 1964. Sir Edward and Mr Redwood are not natural soulmates, either politically or personally. Indeed, I recall Sir Edward being rather rude about Mr Redwood when the latter challenged John Major for the party leadership. So I can only assume that Mr Redwood's decision to use the same title is not so much a gesture of solidarity as an admission that he was not a youthful campaigner back in 1964.

## Memoirs of a SURVIVOR

The same phrase, "Action Not Words", could well be a suitable title for the autobiography of Steven Norris, the transport minister, whose string of girlfriends, following his separation from his wife, featured in the press the week before John Major announced his "back to basics" initiative. "Remarkably, he remained a minister" (the phrase is his publishers' on their blurb, not mine).

His autobiography, still untitled, will be published by Hutchinson in October. The publishers say he will deal not only with his private life but discuss personalities, including John Major, Michael Heseltine and Michael Portillo, "with a frankness rare in political memoirs". Looks like October may not be the time to have an election campaign.

## Strummer's lament

If violins are the joke instruments in a symphony orchestra, and drums in a rock band, it seems that banjo players have a tough time everywhere else. Roger Slater from Malvern offers: "What's the definition of an optimist? A banjo player with an answering machine."

Eagle Eye

## 5 things you didn't know about life after death.

- The average "breadwinner" is insured for only 2 years' earnings.
- The average mortgage-linked life policy covers the house but will rarely provide for the family.
- The average family spends more than £300 a month.
- A widow/widower with 2 children can receive as little as £79 a week from the state.
- It can cost as little as 27p a day to protect your family with £100,000 life cover.

Some people believe that they can't afford the life cover they need.

In reality, you can give your family the security they need for as little as a few pence a day.

Allied Dunbar's straightforward term assurance can provide a substantial sum to your dependants should you die within the period insured – at a price that's real value. Depending on your pension arrangements you may be able to obtain tax relief, which means your monthly contributions can work out to be as little as £7p a day for each £100,000 worth of cover\*. Even better, you

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For the life you don't yet know

\*Example based on a non-smoking male, age 30, accepted at standard rates for a 10 year term, who is a basic rate taxpayer, self-employed, with a household income of £24k per year. Actual cost of cover depends on the level of cover and your age, sex, smoking status, terms of cover, and eligibility for the rate. The minimum monthly premium is £10.00. Allied Dunbar Assurance plc is a member of the Allied Dunbar Assurance Group which is regulated by the Personal Investment Authority, Inland Revenue Practice and Law are subject to judicial review. \*Subject to certain conditions. If you die within the protection period, we will pay out the sum you have paid plus interest. We will also provide a cash sum if you die during the agreed term. Contributions are regularly reviewed to ensure they can continue to provide the required cash sum. This product is only available in the UK. For your security all telephone calls to Allied Dunbar Central (on the above number) will be recorded. Allied Dunbar Assurance plc. Registered office: Allied Dunbar Central, Shenton, SP11 1EZ.



# THE INDEPENDENT

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## Whitehall back to bad habits

Until recently the present Government had a legitimate claim to be the most open administration since the First World War. Not much of a claim, perhaps. But one of John Major's most attractive instincts had been his wish to move away from that closed, anal-retentive Whitehall culture which, inherited from Labour, Margaret Thatcher made tighter still. Thanks to him, we know more about our secret administration, notably Cabinet committees; the flow of official information has widened and deepened. Even the Treasury now has a home page on the Internet. Most famously, the Prime Minister (perhaps he had little choice) gave Sir Richard Scott generous terms of reference for his investigation of the 'arms to Iraq' imbroglio.

But before Sir Richard had got far, the skies above the Major government were clouding over. And since Sir Richard reported, it seems that British government is reverting to its nasty habit of attempting to rule in private. It is as if Sir Richard's report never was. After the Government won in the House of Commons and Sir Nicholas Lyell, William Waldegrave and accomplices escaped censure, the report has been buried. Sir Richard was summoned to answer MPs' questions yesterday. He might legitimately have turned fables and demanded of them: "What changes have you sought in the operations of the state that would guarantee you - legislators, custodians of the public interest - are not again going to be hoodwinked by slippery ministers and their morally upturned civil servants?"

Were there really no lessons from Scott for the conduct of government? Where is the committee of current and former permanent secretaries that Sir Robin Butler ought to have convened to consider the report's significance for officialdom? Where are the new Civil Service College courses on ethics, lying and parliamentary accountability? Where, indeed, are the orders and new legislation recommended, the thoroughgoing reform of export licensing he asks for, the clarification of the legal powers of Customs and Excise, the Whitehall re-engineering he implicitly endorses?

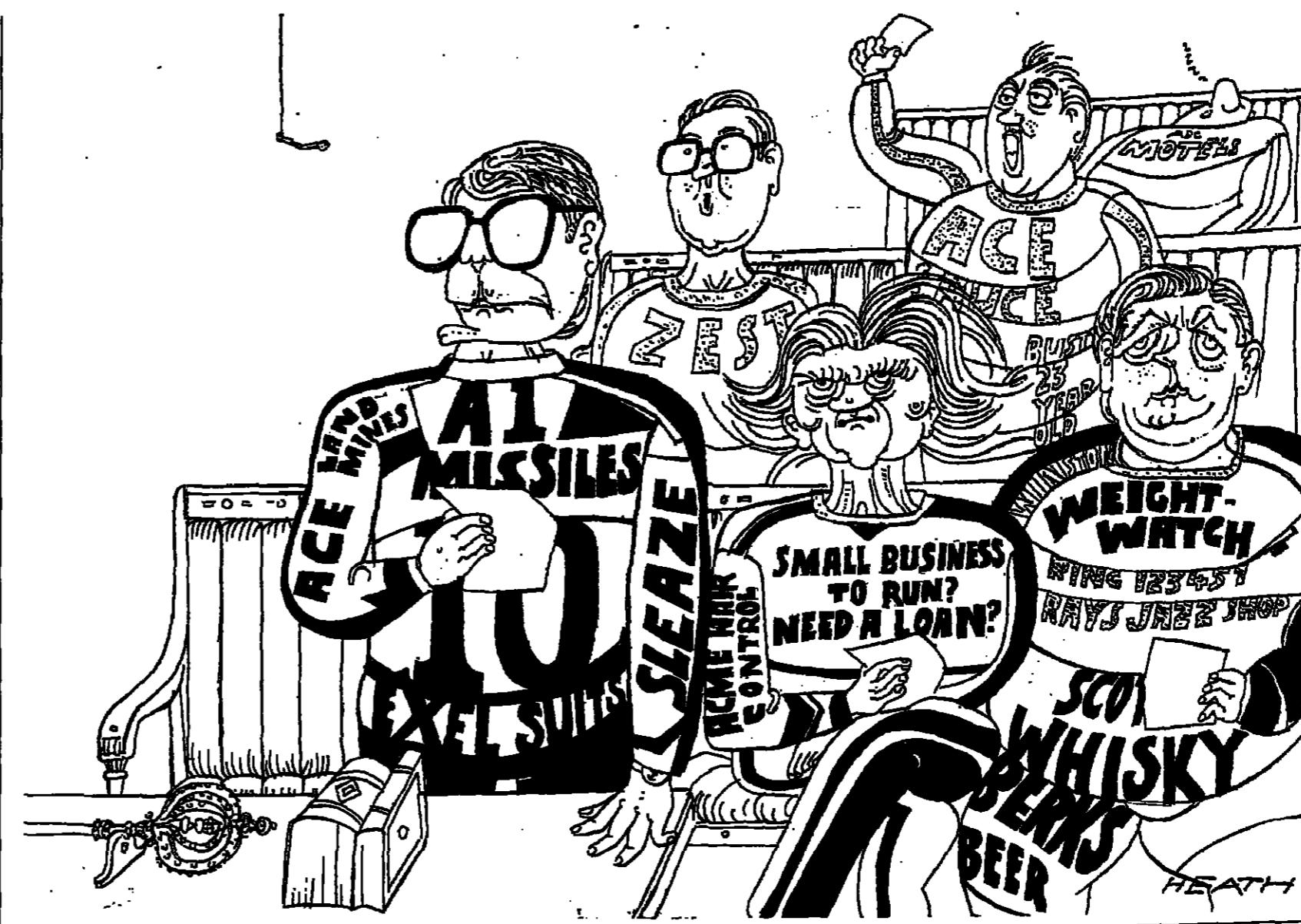
The question is no sooner asked than

answered. Do we really expect those MPs questioning Sir Richard to be shining knights of open and more honest governance when they cannot even master themselves and hold to their own rules on declaring their outside interests? Their own regulator, Sir Gordon Downey, might as well resign, for all his effectiveness. The day a motion of censure condemns David Mellor, Sir Edward Heath and those other paladins of outside earnings, that'll be the day that the House of Commons gives in earnest of its intention to begin the process of parliamentary reform.

And if that is utopian, surely our parliamentarians can stand up against the executive arm of the state on behalf of one group who are among the most vulnerable to abuse of state power: prisoners in jails. Imprisonment, even justified, committed to a harsh penal regime, does not rob individuals of elementary rights to care and due process. The Government itself accepted as much when it established, two years ago, the first ombudsman for prisoners. In that role, Sir Peter Woodhead has performed creditably. Yet he is now on the point of resignation because the Home Office and its prison administration obstructs him at every turn.

It is as if government ministers did not understand the meaning of the word "independent" - a notion that they all too ready to bandy around when it suits them. We are told that the regulators of the utilities and the lottery and the railways are independent. Yet it seems that the Monopolies and Mergers Commission works with one eye firmly fixed on its political masters, to second guess their intentions. We are assured that Lord Nolan's strictures on appointments to quangos will be followed because the Government too believes in merit and independence. Yet when the Government appoints ombudsman, it seems to swiftly and skilfully marginalise them.

An open government has no fear of ombudsman. It relishes the independence of its appointees. More open government was once one of John Major's proudest boasts. It could yet be a rallying cry for an anti-statist new Conservatism. Mr Major is turning his back on open government. He should look to his laurels.



## LETTERS TO THE EDITOR

### Who should pay for care of the elderly?

Sir: The usual combination of tireless lobbying and a pending election has finally provoked the Government to take seriously the plight of elderly people forced to impoverish themselves to pay for long-term care ("Pension deal aims to protect assets", 8 May).

The brief debate in the House of Commons regrettably, but predictably, became a "tax on the elderly" knockout with all the usual arguments about which party costs the taxpayer less.

Unless we are proposing to deny care to the elderly and frail - the logical conclusion to the low-tax argument - then the big question is "do we pay for care?" but "how do we pay for care?"

The Government states categorically that the responsibility for financing care lies with individuals, yet by encouraging those same individuals to insure themselves for care costs, they implicitly accept that a collective approach is both fairer and more efficient.

Insurance, after all, is based on the principle of pooling risk and

sharing cost, rather than assuming a potentially catastrophic risk on one's own.

The coming decades will see the ratio of people of retirement age to those of working age rise significantly. Such a shift requires a serious debate now if we are not to experience both a public expenditure and a care crisis in the future.

ARCHY KIRKWOOD MP  
(Roxburgh and Berwickshire, Lib Dem)  
House of Commons  
London SW1

*The writer is Community Care spokesman for the Liberal Democrats*

Sir: The plans of Stephen Dorrell, the Secretary of State for Health, to encourage the elderly towards provision for the cost of their own care may split members of younger generations into action while they still have time and money, but Mr Dorrell offers no comfort to those already requiring care, or on the brink of such need. For them, time and money have run out.

### Baffled by single currency

Sir: Your story "Feuds rock Tories as poll defeat looms" (2 May) shows that people in the UK are still very uncertain about the European single currency. They don't want to commit themselves now, but neither do they want to rule it out.

One reading, this could be put down to a thoughtful "wait and see" attitude, with concerned citizens safely discussing the pros and cons. But if you put your story side by side with a survey that the European Movement carried out in January, what emerges is a more believable picture of simple bafflement.

In our poll, two out of three Britons said they did not know enough about the single currency issue to vote confidently on the issue in a referendum. And again, over 60 per cent wanted to keep options open. This was despite the fact that people had heard more of the arguments against the concept than those in favour.

The subject has a mirage-like quality. Although it appears to be a hot topic, the substantive arguments are rarely discussed. How many people, for example, know that British interest rates are higher than Germany's and would be lower if we were part of a currency with less of a record

for, or prospects of, inflation? Britain needs a proper debate - in town halls, in schools and colleges, and above all in the media. The Government can promote such a debate without abandoning its neutrality and should do so. No one can complain about the result of a fair contest - and pro-Europeans believe that they will win if there is one. But would be a tragedy if the issue were to be decided not by understanding and open debate but by ignorance and prejudice.

DAVID VIGAR  
Director of Communications  
The European Movement  
London SW1

Sir: You report the German Chancellor, Helmut Kohl, indicating during his meeting with our Prime Minister (30 April) that he was prepared not to bring immigration and justice issues into the ambit of European institutions during the current IGC, though he insisted that such a move, fiercely opposed by the British, would come in the next five to six years.

And to think I was under the impression we joined the EU in order to foster improved trading opportunities.

V A GREENHALGH  
Manchester

### No logical link between guns and crime

Sir: It is a pity that you gave no source for the "research" that shows "strong links between guns and high crime rates" ("Government to ban calls for firearms ban", 2 May), because the figures in your chart are hardly correct.

Switzerland has a population of about 7 million people who own approximately 5 million guns, 600,000 of them assault rifles. This represents rather more than the 15 per cent of households in the chart.

No one really knows how many households contain guns in the US, but the 1990 population of 248,710,000 and the 1993 figure (source: FBI) of 16,189 murders by firearm give a rate of 65 per million. However, it is not true to say that the US has lax gun laws;

Schools should forget spending money on expensive computers and spend it instead on more teachers to keep class sizes down and on teaching children to think.

STEPHEN READ  
Oxford

### Net surfing is not a computer skill

Sir: As a senior software engineer working for a major computer network company, I read with astonishment the statement "but even computer games will build up keyboard skills" in your article "Britain leads way in PC world" (2 May).

When I conduct job interviews I am not impressed by candidates who boast of creating World Wide Web pages. Computer literacy has nothing to do with playing games, using word processors, or "surfing the Net" - it is not about computers.

The great point is that, as was first said (by a French thinker) in the 1960s, the world economy is a subset of the world environment.

LORD WAYLAND KENNETH  
House of Lords  
London SW1

*The writer is Commonwealth Human Environment Technology Group, Stockholm International Conference on the Environment*

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they vary enormously from state to state and even city to city. New York City has ferociously strict handgun control, but a general murder rate of 23.2 per 100,000 population. In New Hampshire, where no one without a criminal record may be refused a licence to carry a concealed, loaded firearm, the general murder rate is 2.0 per 100,000 population.

Numerous studies of international figures of the kind you purport to show demonstrate no easy, logical or consistent relationship between levels of legal gun ownership and murder by firearm.

PETER BROOKESMITH  
Kensington Rifle and Pistol Club  
London W14

### Nationalism in the Home Counties

Sir: Andrew Marr ("Beef isn't the burning issue", 7 May) notes that withdrawal from the EU would "represent the triumph of a style of conservative English nationalism" and rightly suggests that this would probably lead to the secession of Scotland from the UK.

The nationalism he identifies would be more accurately described as south-eastern English nationalism; its underpinning is the City financial complex and the aptly named Home Counties. It is resented not only in Scotland but also in Wales, the north of England and the West Country.

This sort of nationalism is likely to lead to the disintegration of the British state itself.

SIMON PARTRIDGE  
London N2

### A curse on Raleigh

Sir: Martin Kelner refers to John Lennon's song "I'm So Tired" as something of a paean to the cigarette (Section Two, 7 May) but neglects to mention Lennon's lambasting of the man widely acknowledged for introducing the weed to these islands: "And curse Sir Walter Raleigh, he was such a stupid get".

CONRAD WILLIAMS  
London NW3

## A gelatin victory, but we're still stuck

Britain's jellymakers have cause to feel a little more jolly. The EU commissioners decided yesterday to recommend lifting the ban on certain British beef by-products - gelatin, tallow and semen - so long as they are processed according to strict guidelines. But we are still a long way from a return to a flourishing beef trade.

If the Government is to have any hope of persuading our European partners to start eating British beef again, it will have to do more to convince consumers that British herds are BSE-free. Culling elderly cattle is not the answer. While cows over 30 months may be most likely to show symptoms of the disease, their younger sons, daughters and siblings could still be incubating BSE. The Government is foolish not to agree to the practice followed in other countries of wiping out herds with BSE, then restocking them from scratch.

They did not do this in the UK, so the industry is in a fool's errand to get the Government to change its mind. The farmers will still find it hard to win support in Brussels.

That is where the job of reassuring consumers must start and continue.

The scientific case for lifting the ban on some by-products sounds persuasive. The World Health Organisation recently concluded that gelatin was safe, because the intensive heat treatment used in manufacturing would kill off any infectious element in the meat. British gelatin, however,

comes from a herd of cows in which about 200 cases of BSE are reported each week.

If the Government is to have any hope of persuading our European partners to start eating British beef again, it will have to do more to convince consumers that British herds are BSE-free.

The international Parliaments on the Environment were meeting regularly.

The Commonwealth Human Environment Technology Group, Stockholm International Conference on the Environment

Environment Council had been running for more than 10 years.

As for what we have now, he is right to say that "Friends of the Earth did not accomplish all this on its own". But it should not be seen as a "never-ending source of wonder... when I [Tom Burke] joined the Department of the Environment as a special adviser in 1991". In 1969 (Sir) Martin Holdgate became the scientific adviser to the Secretary of State (Tony Crosland), and chairman of the Department's Environmental Science Advisory Group, the immediate fruit of which was the Royal Commission.

The Labour government had in 1967 set up the Countryside Commission, and in 1969 the (permanent) Royal Commission on Environmental Pollution. The Department of the Environment was set up, comprehensively to include Land Use Planning, Water and Air Pollution, Transport, and Countryside. The first Stockholm International Conference on the Environment was in preparation - it took place in 1972.

The International Parliamentary Conferences on the Environment were meeting regularly. The Commonwealth Human Environment Technology Group, Stockholm International Conference on the Environment

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

## Revealed: what I pay my MP friends



MILES KINGTON

It has been quite an inspiration to us to watch the way MPs have come forward to declare their sources of income, and the way they have hesitated just about as much information as they can get away with. But I don't see why MPs should be the only ones to have to do this, so as a public duty I am going to come clean today myself and reveal just how much money I am paying Members of Parliament on a regular basis, and what I am paying them to do.

Sir Edward Heath: For going on television and radio at a moment's notice whenever Europe is in the news to bore us all silly and thus get the topic out of the headlines again; for standing by in case Margaret Thatcher should make a bid to get back into power and if necessary hit her with his handbag; for working on his new book *The Joy of Europe* and for promising not to complete it for agreeing not to conduct in public ever again - £5,000 per week.

Michael Heseltine: For agreeing not to make his final push for power and top up John Major from office until I give him the say so - £5,000 per week.

David Mellor: For undertaking to act as consultant to various large compa-

nies such as British Aerospace, and giving them the impression that the information he is giving them is not a lot of twaddle; for undertaking not to churn out more than five articles a day on opera and Glyndebourne, and for undertaking not to go on air about football, opera, etc, etc - £5,000 a day.

*Note: as Mr Mellor has signed failed to abide by any of these undertakings, he has not been paid anything for me for two years.*

Tony Blair: For acting as a consultant to this column on Christian matters - £300 per week.

John Prescott: For acting as a consultant to this column on the love and language of the middle class - £300 a week.

Rupert Allason: For various spying and intelligence jobs - £50,000 per annum.

Roy Hattersley: For acting as a consultant to my forthcoming sensational exposé television drama set in the House of Commons, entitled *There's not such thing as a free lunch especially when Roy Hattersley is one of the numbers and is going for the full menu*.

£7,000 a year in luncheon vouchers.

Norman Lamont: For consistently getting cushy consultancy jobs with all the best people, and for equally consistently failing to get selected for any constituency anywhere as a Tory candidate, and thus destroying all credibility that he might otherwise gain from what he is actually saying; also, for agreeing to delay his dismissal of Mr Heseltine as Deputy Prime Minister and thus spiking Mr Heseltine's ambitions for all time until I give him the say so; also, for letting me exclusively have the date of the next general election, ta, John - £40,000 a week in cash.

Brian Mawhinney: For giving pleasure to a lot of people by agreeing to be spattered by egg and paint by my operatives; for insisting on being addressed as Doctor, and thus sounding about as authentic as his countryman Ian Paisley; for giving a lot of people a lot of pleasure by sounding absolutely convinced that the Tories are going to win the next election and that they want to win it - Equity rates.

Rupert Allason: For accepting money so unquestioningly. Full list of MPs in my pay on application.

*Yesterday, due to a rush of blood to the head, I referred to Radio 3's excellent jazz presenter as Mel Smith. This should, of course, have been Mel Hill.*

My thanks to all these and many more for accepting money so unquestioningly. Full list of MPs in my pay on application.

### Slowing down for children

Sir: May I, through your columns, thank the anonymous parents of Laura, Tracy, Adam, Andrew, William and Donna ("Poignant video that says: speed does kill", 5 May).

## comment

Fraud  
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## Westminster's mirror to the real UK

The register of MPs' interests reveals a Britain of do-gooders, consultants and fat-cat journalists

**I**t is a failure of character, doubtless. Just as some sad people pore with fascination over old railway timetables and others hunch intent on minutely memorising *Wesden*, so I find what MPs do in the apparently spacious acres of their spare time fascinating. In the new social calendar, few events are more thoroughly enjoyable for political nuts than the annual publication of the Commons' Register of Members' Interests.

There have been many columns written about the question of parliamentary "interests" - what should be banned, what declared and why certain MPs refuse to participate. In the post-Nolan era a battle will now ensure between the press and some parliamentarians about their duty to be frank. But that has become familiar enough. Today I want to try a different tack and ask what the register says, not about individual MPs, but about Britain in 1996.

Some people will object that it says nothing at all about "Britain", only about the 600-plus members who deigned to fill in the forms. But this is wrong. True, MPs do not comprise a sample of the nation - they were chosen by party caucuses and the wider electorate, not by polling organisations. They are mostly male and middle class.

But they are representative in a different way. However cross we may be with them from time to time, they are our elected representatives. They have fought their way up and claim to speak for us. Their interests and self-image are a very distorted mirror of the nation, true. But this mirror's pitted, bumpy reflection is worth squinting back at, even so.

Let's start with the best part of the

reflection, which is that there are a remarkable number of unpaid and voluntary acts of charity work recorded here. There are lines and lines of unpaid directorships of companies restoring old housing or helping people with learning difficulties; of charity work on behalf of everyone from the obese at home to the starving abroad; and of trusteeships of everything from opera festivals to campaigns for the Brighton Pier.

No one talks about it. But it's there, alongside the fat-cat directorships and the headlines about sleaze. Some of the voluntary work is, no doubt, noisy do-goodery. But a lot is just the doing of good. Not all MPs are cynical. Not all the cynical ones are all cynical. And that the register is a useful mirror, for Britain remains a country pulsating with quiet voluntary activity.

What about those other organisations for mutual self-help, the trade unions, whose sponsorship of Labour MPs is another of the most regular features of the register? Should we exclude them on the grounds that they are a political relic? The Labour moderates would prefer that the subject became unmentionable in polite society. They would prefer a more genteel source of party funding - such as the general taxpayer.

But the array of Unison, Utdaw and GMB sponsorship for local parties in the register is worth recording, if only as a reminder that, however briskly metropolitan Britain has been dismissed as an irrelevance, 9 million Britons are still trade-union members. Even after casualisation, contracting-out, "the end of the job" and all that, 36 per cent of employed people are in a union.

**ANDREW MARR**

Almost every MP who isn't a consultant is a columnist for someone

What else? MPs travel both more than most of us and to odder places. Few private citizens are sent plane tickets by the Greek Cypriot Brotherhood, the Provincial Grand Orange Lodge of Ontario East, or the People's Assembly of Syria. Thomas Cook this isn't.

In some respects, the popular prejudice about MPs' junkets is amply born out; few financial systems and refugee camps can have benefited from such gratifyingly close attention as those which happen to be situated in the Cayman Islands. But MPs travels do have some wider messages about Britain in 1996. Among the most frequently visited countries, Germany ranks very high and Italy, often because of German-sponsored political conferences, is popular too.

Reading through the register you come across many references to the Konigswinter conference; to visits to Munich to discuss Rover cars with BMW or to attend the Wehrkunde conference; to the Friedrich Ebert

Stiftung and the Konrad Adenauer Foundation. That partly reflects the wealth of the big German political foundations. But, insofar as it also reflects a country with increasing German links - not something you'd discover from most newspapers - the register's distorted mirror doesn't lie.

Looking hard, you can find more clues about our recent economic history. There is the odd, forlorn-sounding one-liner: Labour's Doug Henderson records his involvement in "Ossian Economic Services Ltd (no income)." Neil Hamilton, the Tory who helped back a former colleague, records: "Cottonrose Ltd, clothes retailer - no dividend ever received."

Add in the numerous references to Lloyds ("resigned") and you begin to get the message; these have not been golden years.

How, then, might this Register of Nation taken-over manufacturers and struggling traders be earning its living today? Here, readers prone to depression or anxiety attacks should break off and head south-west to Miles Kingston. For the truth is that we seem to be becoming a nation not of shopkeepers but of consultants. Among the MPs are consultants to leisure companies; consultants to recruitment consultancies; consultants to management consultants. Here a consultant, there a consultant ...

The relatively obscure Labour MP George Howarth turns out to be a "consultant" to Coopers & Lybrand "on global economic and financial issues". One Tony MP is a "consultant" to a company specialising in document management. An emblematic MP in this respect is Sir Patrick McNair-Wilson, who is a public relations con-

sultant to a "surface coatings" company and a director (I kid you not) of "Ferret Public Relations".

Now, what is alarming about all this is that it corresponds so closely to one's perception of what is happening to the country beyond Westminster. Almost everyone seems to be a consultant these days, advising other people on something slightly difficult to pin down. One half expects to see, some years hence, a single paragraph in the *International Herald Tribune* reading: "The United Kingdom was unavailable yesterday. Everyone was in a meeting."

Even now, the country seems divided into three main groups. There are the honestly and officially unemployed. There are the consultants. And then, according to the register, there are ... well, the journalists.

The highest-paid of those MPs who deigned to register their employment is Roy Hattersley, who makes well over £100,000 from his journalism. But he is only the most successful of a vast and growing army of scribblers-politicians. Almost every MP on the register who isn't a consultant seems to be a columnist for somebody, a freelance journalist or broadcaster.

A strange crossover is taking place. As real journalists lambast the parliamentarians and attempt to set the political agenda themselves, so the politicians are hitting back by turning themselves into journalists. Why not? Journalism is often better-paid, easier and just as influential as the life of the backbench MP. And we have one great advantage: with the exception of the press gallery, journalists don't have a register of interests for the rest of the country to mock.

## Our God-given dominion

A prize-winning evangelical scientist is preaching a new green theology, says Andrew Brown

**R**ichard Dawkins, probably the most famous atheist in Britain, bases his argument against God on the truth of evolution. So it can come as a shock to realise that there are other scientists, quite as committed to evolution as Dawkins is, who have no difficulty with Christianity.

One of the most distinguished is Sam Berry, professor of Genetics at University College London, who will today be given a cheque for £3,000 as winner of one of the British Templeton prizes for progress in religion. Sir John Templeton, the millionaire American stockbroker who each year gives a prize of £700,000 for progress in religion globally, also gives a whole network of smaller prizes here and in America.

**'In Genesis, we are given responsibility for looking after the rest of creation'**

However, evidence for God's existence must, he thinks, be of a different sort to evidence for scientific theories. He himself was converted to evangelical Christianity at a boys' camp in his late teens, shortly after the death of his father.

"You can get a glimpse of God's tactics, but not his strategy out of nature," he says. "I would accept that it is God's world. Natural selection is the method that seems to operate in nature. If you assume that God is operating in nature, that is the method he uses. It may seem to us a slightly daft method, but our ways are not his. That's called faith."

"You can't prove God's activ-

ity from nature, though you can get some clues to it. You have got to read both the book of nature and the written book - the Bible. Dawkins neglects entirely half the data, which is the written word."

It is from the Bible that Professor Berry concludes that all Christians have a responsibility to be Green.

"In Genesis, we are specifically given responsibility for looking after the rest of creation. That is the theology of the environment. The word 'dominion' in Genesis has been gloriously misinterpreted. That dominion is given wholly to us as individuals made in God's image - he has made the world, handed it over to us, and said 'look after it'. That, to me, is much more important doctrine than all this farting about with evolution, creation, and all the rest of it."

This has been a controversial viewpoint in Evangelical circles. Fundamentalists are notoriously too excited by the possibility of Jesus's return to worry much about what happens to the world before then. Even moderate evangelicals have an extraordinary paranoia about anything that can be labelled "New Age". But things are changing.

Professor Berry has got 90 prominent British evangelicals to sign a declaration committing their churches to environmentalist values. In fact, he says, he intends to spend part of his prize on drink for the party to launch this declaration at a London church.

## URGENT!

600 grans need to escape from poverty and disease

There are thousands of elderly people around the world, like Sadiq pictured here, who need help. But in the last month alone we have heard of 600 who are in desperate need.

Many of these people are frail and destitute. Some are in urgent need of medical attention. Yet most have no families they can turn to for help. And if we don't find 600 sponsors for them - soon some of these grans could die.

For just over £2 a week, you can save a life.

By sponsoring an elderly person in need, you can provide him or her with the basic essentials of life, such as food, clothing and medicines.

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Most of all, just knowing that someone cares can make a world of difference to an elderly person in need.

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## Hail the welfare revolution

Both parties now agree that full public provision for all our needs must end, says Nicholas Timmins



The first family allowance day, 6 May 1946: now the state is relinquishing its role as the great provider

Photograph: Hulton Getty

**T**his week the shape of the welfare state changed. Not in a big way in terms of the ideas that are likely to mould and drive it over the coming decades. On both sides of the political divide, new partnerships, both between the citizen and the state, and between the public and private sectors, are in the making.

Stephen Dorrell's scheme to allow middle England to protect some of its assets from the means tests for long-term care is a new departure - nothing quite like it has been seen before in the 50 years since the Beveridge report. And Chris Smith's twin statements on the role of the welfare state - revolutionary for Labour - have implications that could go way beyond the large but narrow field of the £90bn social security budget.

"We have," Mr Smith said, "a responsibility as a community to support those amongst us who fall on hard times." But, he instantly added, we also have "a responsibility as individuals to make provision in our own lives for those times when we can't earn and support ourselves by doing so."

He coupled that with a statement that the state must act "as the guarantor of all provision, the regulator of all provision" but the administrator only of "some" of that provision. "The welfare state is after all a framework which the Government sets in order to enable citizens to achieve security; it is not a particular mechanism *per se* for delivering that security." Implicit in that is more private provision - both by individuals in terms of insurance and savings, and by the private sector in terms of delivering services.

Take Mr Dorrell's scheme first. Individuals who take out private cover will be able to protect a larger part of their assets, including their home, from the increasingly invasive means tests for long-term care. By allowing individuals to protect more of what they have earned, the scheme should reward thrift, and self-provision. Mr Dorrell has established a new type of partnership in the welfare state.

What has driven Mr Dorrell's new approach and has started to underpin Labour's thinking, is the ageing population, which is proving ever more costly because of their requirements for health and social care. Meanwhile, there is the problem of how to finance better and longer education for the general population. All of these problems are arising at a time when people are increasingly reluctant to pay higher taxes.

Given, however, that such services still have to be paid for, whether privately or publicly funded, a certain logic then cuts in. Those areas of social provision which can sensibly be privately funded - paid for out of savings and investments for the future rather than out of taxes - should be so funded. And the items best funded are those where the scale of need is broadly predictable, where the impact is time-limited, and where individuals can be shown to produce better health care.

Thus pensions are a prime candidate for private funding for those who can afford to contribute. So, equally, are parts of education - witness the seemingly inevitable move to some form of graduate tax once Sir Ron Dearing's diversity review, supported by all the parties,

reports next summer. So too with Mr Dorrell's Serps or to use them to wind Serps up, and whether, as Frank Field would like but Gordon Brown is likely to resist, the taxpayer will put in contributions for those who cannot afford them. Labour, too, for all its over-the-top on-the-day reaction to Mr Dorrell's package, has ideas for partial equity release schemes to help fund long term care.

Beyond that, it is gazing through a glass

later repaid by those who benefit through a graduate tax.

The great divide in this recast public/private mix may come over compulsion. This week's announcement aside, the Government's approach has generally been to cut back public provision - on SERPS, mortgage interest payments, income support and unemployment benefits, to name but a few - but to provide incentives, no compulsion, for individuals to cover themselves. The risk is that they will then fall back on tax-funded means-tested provision.

If Labour wants to avoid that, while ensuring, in Mr Smith's phrase, that the state remains "the guarantor of all provision", then certainly in pensions and possibly in other areas, Labour may have to compel contributions to whatever new partnership schemes it launches.

The Conservatives will paint that as just another tax. But without it, the recast relationship between the citizen and the state may lead only to a more divided society and yet greater reliance on means tests which in the end will cost the taxpayer dear.

## Driving Mr Dorrell's new approach and underpinning Labour's thinking is the ageing population

The first step that Labour will take in the direction mapped out by Mr Smith is likely to be an announcement soon that it wants to replace the remainder of Serps, the State Earnings Related Pension Scheme, with a new funded system - in partnership with the private sector. Big decisions on how to do that remain - whether to run the new schemes in parallel

darkly. But we can expect a friendlier attitude to the role of private finance in the NHS. If Labour reaches government it is also likely that it will show greater acceptance of private delivery of publicly funded health and social care. Further down the road, there will be more private contribution to education, perhaps initially funded by the state but

cal study among sheep farmers, but that will not be complete before 1999.

We need to establish centres of expertise (experts in this field can be counted on the fingers of one hand) where those who are ill can receive diagnosis and treatment and where clinical studies can be conducted. This the Government steadfastly refuses, saying that the expertise is already available nationally. Their experts admit that much more research needs to be done. If I had a choice, I would like to see a moratorium on the use of organophosphates until their safety is proven.

Since 1992, with the support of hundreds of victims and their families and advised by scientists, I have challenged ministers' assertions. We have made some progress in that the Government is funding an epidemiologi-

## 'Dipping flu' is a real illness

## ANOTHER VIEW

Margaret of Mar

all are the brain disturbances. These include intolerance of noise and bright light, depression, sudden rages and impulsive suicidal thoughts. Whilst organophosphates are designed to work on the central nervous systems of the target pests, we also know that they affect the immune system, so symptoms are bound to be diverse.

I first became ill after helping with sheep dipping in the summer of 1989. About three weeks after dipping I got up one morning and felt so tired, I had to go back to bed. Other symptoms soon followed. Initially I was told I was depressed, then it was the menopause, shingles, postural problems and, when none of the treatments worked, it must be psychological. I was in constant pain and my head felt full of porridge. At rest my leg and arm muscles would twitch violently, and sleep was elusive. When it did come I was plagued by nightmares. I could not sit or lie down in comfort and simply getting dressed was an ordeal. I twice took the shotgun to a remote spot on the farm.

The Countess of Mar is holder of the Premier Barony of Scotland.

# 16 business

THE INDEPENDENT • Thursday 9 May 1996

BUSINESS NEWS DESK: tel 0171-293 2636 fax 0171-203 2098

## Sainsbury's profits slump sparks plan for 'aggression'

NIGEL COPE

Sainsbury's announced its first profits fall in its 22 years as a public company yesterday, but pledged to improve its performance with the launch of a loyalty card, a credit card and a host of "more aggressive" marketing campaigns.

Announcing a 5.4 per cent fall in pre-tax profits to £764m, chairman David Sainsbury said: "It has been a very competitive environment and we have been hindered by a smaller store-opening programme. But nevertheless we don't think it has been a satisfactory performance. We haven't done as well as we should."

He admitted Sainsbury had "lost the marketing battle" to rivals Tesco and Asda, which have gained market share with a series of price campaigns and, in Tesco's case, a highly successful loyalty card. He denied Sainsbury's had become complacent. Sainsbury's is to launch its own loyalty card in the next two months. It is also working on a credit card with a view to offering other financial services.

Although Sainsbury's has released few details, it says the card will be cheaper to operate than Tesco's Clubcard and will not involve the quarterly mail out of discount vouchers. Kevin McCarter, the marketing director, who joined the compa-

ny in December, said the initial card would be "fairly simple" but that other features would be "layered on to it" at a later date.

Sainsbury's shares rose 15p to 372p as the company increased the dividend by 3.4 per cent to 12.1p and promised a more progressive dividend policy which will see the dividend rise by an average of 3 per cent above earnings growth "for the foreseeable future".

The group's malaise had forced the company to undertake a four-month review of its operations, which had constituted the most thorough examination of its 126-year history. "There were no sacred cows," Mr McCarter said.

As a result it has conceived a four-point strategy it hopes will help restore its market share and revive its flagging sales volumes. These programmes focus on delivering better quality and choice, better value for money, improved customer service and new customer loyalty programmes.

The strategy did not impress City analysts. Tony MacNeary of NatWest said: "I'm not impressed by these four bullet points which are backed with very little detail. I'm bemused by the rise in the share price. People think that it's all going to turn out hunky dory. But I just don't see it."

The company said it hoped to

shift the balance of its marketing more towards quality, choice and customer service than price, although price campaigns would still continue.

Sainsbury's has also completed the management reshuffle, which started in January when David Sainsbury split the roles of chairman and chief executive, handing over the running of the UK supermarkets to Dino Adriano. The other chief executive post was filled yesterday when the company named David Bremner as its chief executive for new businesses, which include the DIY businesses, Homebase and Texas Homecare as well as the US interests, which include Shaw's and the 16 per cent stake in Giant Foods.

Mr Bremner, 38, is currently chief executive of Watson & Philip, the Dundee wholesale group. Prior to that he worked at Sainsbury's for 11 years.

Kevin McCarter has already joined as marketing director from Kingfisher. Last week Sainsbury appointed Dominic Fry as corporate communications director. He joins from Eurotunnel in the summer.

Although Sainsbury's pre-exceptional profits were only down 5.4 per cent to £764m, the pre-tax figure slumped from £809m to £712m due to a £48m provision to cover the more rapid conversion programme of



the core UK supermarkets business to £744m. Although sales increased by 2.6 per cent on a like-for-like basis this failed to keep pace with food price inflation of 4.5 per cent.

Profits were hit by improved customer service measures, price campaigns and "inefficient mar-

Economic view: Comfortable future for UK welfare state 20

Market report: 'Sell in May and go away' holds true 19

Investment: Whitbread discovers life after beer 18

CITY & BUSINESS EDITOR: JEREMY WARNER

## US giants join up on Boeing engine

MICHAEL HARRISON

In an unprecedented move the world's two biggest aircraft engine manufacturers, General Electric and Pratt & Whitney of the US, are to join forces to develop a new engine to power a 500-600 seat version of the Boeing 747.

This is first time that the two giant American manufacturers have combined on a civil engine programme and poses a serious competitive threat to their British rival Rolls-Royce.

The two US companies said yesterday that neither was prepared to fund the estimated \$2bn (£1.3bn) cost of developing a new engine on its own. Boeing, which has codenamed its super-Jumbo the 747-500X/600X, was instrumental in getting GE and P&W to explore a joint programme.

The new engine will have a thrust range of between 72,000 lbs and 84,000 lbs but would offer "significantly lower operating costs" than existing engines, the two companies said.

GE and P&W would offer the new engine not only on the stretched version of the Boeing 747 but also on rival aircraft being planned by the European consortium Airbus Industrie and McDonnell Douglas of the US, which is studying a stretched version of the MD-11.

Under an agreement signed yesterday, GE and P&W will set up a separate joint venture company, owned 50:50, to develop and market the new engine. Although they will be prepared to bring on board other risk- and revenue-sharing partners from around the world, management control will remain with the two US partners.

In a joint statement GE and P&W said the new engine would offer substantially better weight, fuel burn, noise and cash operating costs.

The market for 500-seater-plus aircraft is put by Airbus at more than 800, worth about \$200bn over the next 20 years. Its own super-Jumbo, code-named the A3XX, would cost \$8bn to \$12bn to develop and would be a double-decker aircraft with a wingspan and length of 80 metres. It is unlikely to be launched before 1998.

The announcement of the joint venture is a recognition that individual aero-engine companies can no longer fund the huge costs of development programmes alone, even if they are of the size of GE.

Rolls and its two US rivals all produced rival engines to power the new generation of "big twins" - the Boeing 777 and the Airbus A330. Rolls has captured a third of the 777 market with its Trent engine. GE's contender is the GE90 while P&W has developed the PW4000.

The rivalry between the three for scarce airline orders has meant a fierce price war with profit margins cut to the bone.

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## RTZ meeting ends in walkout by protesters

PATRICK TOOHER

About 30 representatives of indigenous groups from across the world walked out of RTZ's annual general meeting in central London yesterday after Sir Derek Birkin, the chairman, barbed further questions from the floor about the company's mining activities.

The protest came shortly after one environmental activist attempted to storm the podium where the massed ranks of RTZ's board were assembled.

He accused RTZ of being short-sighted in its approach to the environment.

Speakers came from Papua New Guinea, Colombia, Madagascar and the US to air their views on the impact RTZ and its associates' mining operations, both existing and proposed, are having on local habitats and communities.

They were joined by London-based pressure groups Friends of the Earth, Survival and the World Development Movement.



High pressure: Demonstrators outside yesterday's meeting

Photograph: Glynn Griffiths

## Southern made power sale offer

MICHAEL HARRISON

The American utility Southern Company offered to pay up to a third of National Power's generating capacity had it been allowed by the Government to proceed with an £80m break-up bid, it emerged last night.

Southern of Atlanta, Georgia, would have disposed of an extra 3,000 to 4,000 megawatts of capacity in addition to the 4,000 megawatts National Power is selling to Hanson for £1.7bn had its bid gone ahead.

Meanwhile it also became clear that the other generator, PowerGen, will almost certainly sell its 21 per cent stake in Midlands Electricity to another US group, GPU/Cherry, which launched an agreed £1.7bn bid for the company earlier this week.

Southern said provisional talks had been held with a number of potential buyers - thought to include a number of regional electricity companies keen to expand their interests in generation - on the basis that the National Power bid went ahead.

National Power has 17 stations with a capacity of 20,000MW.

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## George grows sceptical on currency timetable

DIANE COYLE  
Economics Editor

Eddie George, the Governor of the Bank of England, said yesterday he had become more sceptical about whether the single European currency would go ahead on time because of the economic slowdown in Europe.

"I am more doubtful now than I was a year ago," he told MPs on the House of Commons Treasury select committee.

But he added that there would be no technical difficulties preventing Britain taking part. The City of London would be trading in euros from 1 January 1999 whether Britain joined or not. "I am reasonably

confident that we can be in a position to operating in euros whether we are in or out," he said.

Mr George also embellished his usual pragmatism on the single currency question by saying it was hard to see why Britain should stay out if it met the Maastricht criteria for entry and these were strictly applied.

However, he downplayed fears that the UK economy was too different in structure from Continental economies to give up an independent monetary policy. Preliminary Bank of England research suggested that the response of the UK economy to a change in interest rates was not very different from the response in Germany or France, despite huge differences in housing finance.

The Governor argued that Britain's decision on whether to join the single European currency would involve a difficult judgement about the costs and

benefits. Staying out would leave Britain with higher interest rates than countries that took part. It might also hit investment.

Mr George said he would therefore favour a mechanism to enforce sound economic policies after entry into EMU, along the lines of the "stability pact" proposed by German finance minister, Theo Waigel.

He said the Maastricht criteria, especially those concerning government deficits and debt, were intended to prevent irreconcilable tensions emerging within the single currency.

"It is important that they should be applied with some rigour," he said. If economies had not converged some parts of the EU

could be stuck with high unemployment and few options for addressing it.

The Governor agreed there was a danger that some other countries might want to fudge the issue in order to meet the current timetable. "It is not possible at this distance to exclude this in the case where there is a very strong political determination to make it happen."

He repeated his earlier warning that there were risks in a "spring for the finish". Taking action to reduce government budget deficits fast enough had raised the risk of weaker economic activity in France and Germany.

Comment, page 17



Eddie George: 'More doubtful than I was'

## Door stays open to Whitbread bid for Ramsden

TOM STEVENSON  
City Editor

Whitbread, the City rumour mill's favourite predator, left the door open yesterday on dealers' latest speculation, a tilt at Harry Ramsden, the fish and chip shop chain. Sir Michael Angus, the chairman, said: "It would be wrong to comment negatively or positively on market rumours, so we won't comment at all. We are always interested in anything germane to our business."

The chief executive, Peter Jarvis, added, however, that Whitbread preferred to grow organically. Last year the company spent £45m on capital expenditure, more than three times the rate of spend needed simply to replace its existing operating assets.

Spending of more than £400m is promised this year as Whitbread steps up its move away from its traditional brewing roots into the faster-growing areas of managed pubs, hotels and leisure activities.

Mr Jarvis was speaking as Whitbread announced an 11 per cent rise in profits before tax and exceptional items, with higher profits from all four of its divisions. Star of the show was the restaurants and leisure arm, where the acquisitions of

Marriott's UK hotels and the David Lloyd leisure clubs operation boosted profits by more than one third.

That contributed to a rise in group profits from £275.4m to £285.7m. Earnings per share increased from 38.5p to 43.3p, from which a dividend of 21.9p, up 8 per cent, was paid.

The restaurants and leisure division, which also takes in Whitbread's Beefeater restaurant chain, TGI Friday's and Costa Coffee, received a high share of the year's capital spending, helping to turn around sales at Pizza Hut, following 1993's profit collapse, and improve trading at Threshers, the drinks' retailer, which also benefited from good summer weather, Sunday opening hours and the sale of Lottery tickets.

Profit and turnover at Whitbread Inns, which both grew by 13 per cent in the period, were driven by a strong showing from food sales, the fastest-growing part of the pub business, and an area in which Whitbread generates much higher sales per pub than its competitors.

Whitbread's shares, up 27 per cent over the past year, gave up 8p on profit-taking yesterday to close at 738p.

Investment Column, page 18

STOCK MARKETS									
FTSE 100		Dow Jones		Nikkei					
3707.30	-15.70	-0.4	3857.10	3639.50	4.01				
4504.40	-21.10	-0.5	4968.60	4015.30	3.32				
1863.80	-8.20	-0.4	1945.40	1816.50	3.85				
2221.50	-3.55	-0.2	2223.39	1954.06	2.92				
1870.23	-7.88	-0.4	1924.17	1791.95	3.78				
5370.01	-50.94	-0.9	5685.74	5039.94	2.21				
2128.60	+233.32	+1.1	2228.05	1974.47	0.72				
10617.32	-84.85	-0.8	11594.59	10204.87	3.38				
2474.90	-4.63	-0.2	2550.18	2284.86	1.89				
Source: FT Information									

INTEREST RATES									
FTSE 100		Dow Jones		Nikkei					
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## COMMENT

'On many measures, Sainsbury's continues to outperform Tesco. It has fewer stores, but it is more profitable, has greater sales per square foot, fatter margins and on some measures is more efficient'

## Tesco pulls in front but the race is not over yet

Why is it that the Oxford and Cambridge boat race always springs to mind when discussing the relative ups and downs of Sainsbury's and Tesco? Perhaps it is the dullness and predictability of the race. Or the fact that over the event's 142 years, the two have each won roughly the same number of races. What is certainly true is that the grocery trade has become a race of two competitors in which winner and loser occasionally get reversed, but not often.

Tesco has been winning for at least three or four years now, but there is no doubt the significance of yesterday's profit setback for Sainsbury's, even if it was widely expected in the City. This is the company's first profit fall in 22 years; if proof were needed that Sainsbury's has come badly off the boil, this is it. For so long the pioneer of all that is good in British supermarket retailing, Sainsbury's now seems to be trailing lamentably, following its competitors rather than leading them. Even the nationally available loyalty card, once dismissed by David Sainsbury as no more than green shield stamps in electronic form, is now going to be copied.

For the time being the winning streak belongs to Tesco; its team looks quite unbeatable. But it was not always thus, nor will it always be so. The captain of the Tesco boat, Sir Ian MacLaurin, retires in a year's time and though he leaves an established, relatively young, and undeniably strong crew behind him, once captainless, Tesco may also become rudderless. Furthermore,

amid all the headlines about how Sainsbury's has lost its way, it is easy to forget that this is still a formidable and highly successful company. On many measures, Sainsbury's continues to outperform Tesco. It has fewer stores, but it is more profitable, has greater sales per square foot, fatter margins and on some measures is more efficient. Despite the recent underperformance of its share price, Sainsbury's is, moreover, still bigger in terms of market capitalisation.

David Sainsbury's management style is plainly a very different one from that of his uncle, the man who made the company what it is today. But that doesn't necessarily mean that his more consensus-oriented approach is wrong. It may actually be more in tune with today's much larger company than his uncle's autocratic style. Mistakes have been made, there is no doubt about that. Sainsbury's has failed to stay ahead of the competition. Its tricks have been learnt and copied by Tesco, which has moved on and introduced a few of its own. Furthermore, the company's overseas expansion, chasing the US rather than the Continent, is proving a waste of money.

Most crucially, however, it has failed to maintain its distinctive place in the market - high quality, greater choice, middle class and as a consequence able to charge that little bit extra. These days the customer barely distinguishes between Tesco and Sainsbury's - the most critical factor in customer choice being store location,

size and modernity. No creche? Forget it. Whether this failure to stay aggressively in front of the competition is down to the family dominated, dynamically controlled nature of the company, is anyone's guess. What is certain is that Sainsbury's is not yet so far adrift that it demands the fate that befell Forte. David Sainsbury is chairman by right of birth, true, but his family does still own nearly 40 per cent of the company. Furthermore, there is no evidence of the non-commercial pursuit of grandeur and empire that often characterises second or third-generation family companies. Sainsbury's doesn't need a new captain, but it could certainly do with a Dan Topolski to turn its fortunes.

### Single currency: It's all a question of timing

Ignore the rhetoric of the Euro-philes and the Euro-bystanders - as the two camps have been aptly renamed - and it becomes clear that a pragmatic consensus about British membership of the single currency is emerging. Eddie George, Governor of the Bank of England, expressed this tendency yesterday. Shadow Chancellor Gordon Brown did so in a speech in Bonn the day before.

It seems an entirely common-sense view. Joining EMU obviously has pros and cons; whether or not it is the best thing for the British economy will depend on circum-

stances at the time. To Euro-sceptics, this is simply avoiding the issue: if the single currency is bad for Britain at some points in time then it is wrong in principle.

This is misguided. Timing is always of the essence in economic policy decisions. There is a clear example of this in the botched decision to join the Exchange Rate Mechanism. If Britain had joined when it was first proposed by the then Chancellor Nigel Lawson, it would have joined a far more flexible system, and would have been able to influence the evolution of the system. Over the next three years the ERM became far less flexible. For a major currency like sterling to join at that point was, in retrospect, a disaster waiting to happen.

Similar arguments apply to the single currency. Joining three or five years after the core group will not be an equivalent decision to joining from the outset. Although there would still be a cost-benefit analysis to be made, the shape of the system would have been fixed already. By taking part in the formation of the Euro, Britain would have a role in shaping it and ensuring that the criteria for its sustainability were met.

### Picking value is hard in the biotech bubble

The rise and rise of the biotechnology sector of the stock market apparently knows no bounds. Chiroscience has seen its

shares effectively double since last month's announcement that it may have a more advanced form of British Biotech's Marimastat anti-cancer drug. After a further 20p rise to 520p yesterday, its market capitalisation is now £429m. This for a company which has never made a profit and which Tuesday proudly announced a turnover of just £5m for last year.

Others biotechs too have seen spectacular share price rises, if not quite on the Alpine scale of Chiroscience. The huge head of steam building up behind the sector is being driven by hopes that British Biotech, the acknowledged leader, will announce later this month that the latest tests on Marimastat are positive and bring it closer to the market. Prices are being maintained by wildly optimistic claims from certain brokers. Last month, for instance, Greig Middleton suggested that the "fair value" of British Biotech shares could be £70 by early next year, more than double their current price of just below £30. A year ago, they were worth less than £25.

The current market in biotechnology stocks is taking on all the characteristics of a bubble, where investors are blind to the risks and keep piling in because the rewards promise returns beyond the dreams of avarice. Picking real value from the sector is akin to seeking needles in a haystack. The certainty that some of these companies will be abject failures should never be far from investors' thoughts.

## Rothschild shaken by a third key departure

JOHN EISENHAMMER  
Financial Editor

NM Rothschild, one of the last remaining bastions of independent British merchant banking, was rocked yesterday by the departure of John Bishop, one of its top executives. His is the third senior departure in a matter of weeks, and insiders indicated that several more heavy-hitters are about to leave.

The exodus points up growing dissatisfaction within the bank over the personal style of leadership of Sir Evelyn de Rothschild, the chairman, and a perceived lack of strategy in the rapidly changing world of



Anthony Fry: The second of the key defectors

City investment banking. Insiders reported angry outbursts as Sir Evelyn sought to stem the outflow.

Mr Bishop was managing director of Rothschild and its most senior executive responsible for trading activities. He is also chairman of the company responsible for the London Gold Fixing and advises the Bank of England on bullion matters.

Mr Bishop is to join Union Bank of Switzerland as senior vice president, where he will run the global precious metals and commodity risk management activities. UBS is one of the world's leading bullion houses.

The hiring marks another step in UBS' aggressive strategy of building up its activities in London, which is becoming the

focus of the Swiss bank's global investment banking operations. In late April UBS announced the hiring of Michael Phair, who was in charge of Rothschild's privatisation work in Eastern Europe and other emerging markets. His departure was a serious blow to Rothschild, which has enjoyed a strong reputation as an adviser to governments on the sale of state-owned assets.

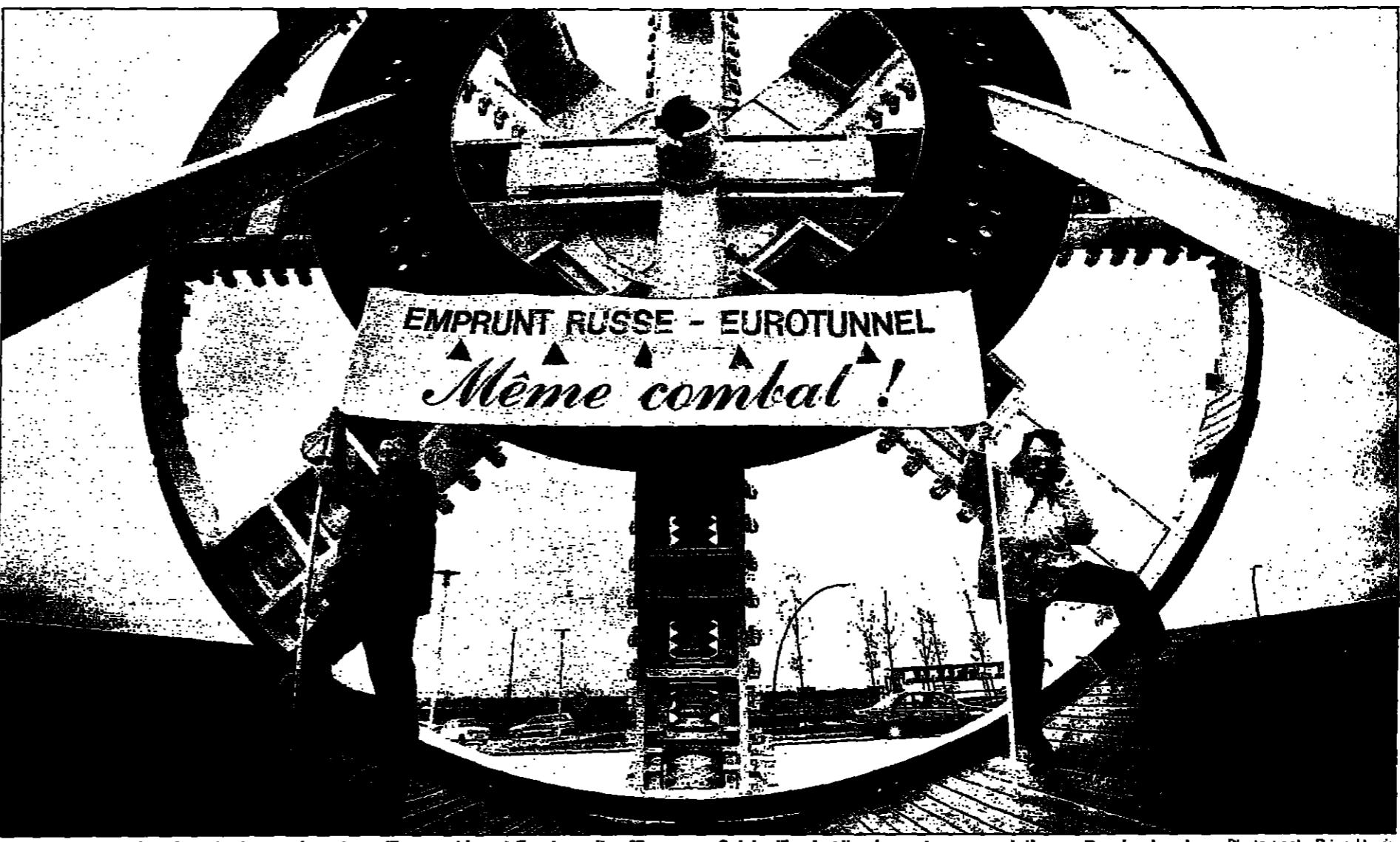
Shortly afterwards, Rothschild suffered its second serious defection, with the departure to BZW of Anthony Fry, one of its high-flying corporate financiers. Mr Fry, aged 40, had been senior director on a number of important accounts, including British Airways, Pearson and the Telegraph newspaper group. Mr Fry, who had joined Rothschilds straight from Oxford, was regarded as one of the leading members of the successor generation within the bank. But he had also been given responsibility for Rothschild's press relations, a thankless task under Sir Evelyn, and is understood to have grown disillusioned.

The spate of defections exposes growing frustration among senior executives at Rothschild, where insiders describe an increasingly strained working atmosphere.

The acquisition last year by Merritt Lynch of the leading City stockbroker, Smith New Court, in which Rothschild had a 26 per cent stake, left the London merchant bank's strategy in disarray. The end of the special relationship deprived Rothschild of an important partner, and cast doubt on its ambition to remain independent at a time when other medium-sized British investment banks were failing to rich predators.

NatWest Group, which was looking to bolster its own corporate finance business, held talks late last year with Rothschild about a joint venture, but they were eventually blocked by Sir Evelyn. In November Rothschild took the unusual step of issuing a statement that the family intended to remain in control of the bank.

**Debt crisis:** Small investors make their stand against restructuring plans to grab part of their equity



Bad investment: French protesters under a tunnelling machine at Eurotunnel's offices near Calais, likening its shares to pre-revolutionary Russian bonds. Photograph: Brian Halsall

## French shareholders rail at Eurotunnel banks

PETER RODGERS  
Business Editor

More than 600 angry French shareholders in Eurotunnel yesterday met in Calais to demonstrate against the sharp fall in the share price and creditor banks' attempts to take a large slice of the equity of the company.

Carrying banners comparing the battle over Eurotunnel to the scandals of defaulted Russian Czarist bonds at the beginning of the century, many of the shareholders arrived at the Eurotunnel offices on the French side of the tunnel on a chartered high speed train from Paris organised by campaigning action groups.

Shareholders said they had seen Eurotunnel as a long term investment and could not believe the price had fallen so far - to little more than a tenth of peak values.

Some were sanguine about their losses. "What's gone is gone. I've lost the price of a new car, that's all," said one shareholder.

debt on which no interest has been paid since last September.

The trip to Calais was organised by the Eurotunnel Shareholders Association, the Association for the Defence of Eurotunnel Shareholders and the weekly finance magazine *Investir*.

Shareholder representatives

said they planned to raise proxy votes for Eurotunnel's June annual general meeting.

"Until today, all shareholders voted separately. For the first time, at least in France, shareholders are getting together and soliciting proxies," said Sophie L'Elias, a shareholder representative.

## Profits drop at Direct Line as price wars bite

PETER RODGERS  
Business Editor

Insurance price wars and bad winter weather yesterday took their toll at Direct Line, when it reported the first profits drop in a decade-long war against the established giants of the industry.

The telephone insurance company owned by Royal Bank of Scotland made a negligible £5m before tax in the first six months of the year compared with £45m a year earlier, because of falling motor insurance premiums and higher house-

hold claims as a result of the weather.

The bad weather knocked a £22m hole in Direct Line profits and the motor price war cost another £25m.

However, Royal turned in a strong banking performance that more than compensated for its insurance subsidiary's difficulties, so group profits were 11 per cent higher at a record £301m for the six months.

Direct Line has shaken up the industry and is widely credited with creating the intense competitive pressures in motor and household insurance that led to last week's proposed £6bn merger between Sun Alliance and Royal Insurance.

Peter Wood, founder and chairman of Direct Line, said: "The past six months have been the most difficult trading environment we have ever faced."

He said the price war was unsustainable. "We have no doubt that the cycle will turn soon. When it does we are best placed of any insurer to benefit." Motor insurance rates - down 20 per cent over two years - were going up, so the second half would be better than the first, he added.

**First half profit before tax**



"We are sneezing and the rest have a high fever," Mr Wood said. Direct Line might raise premiums 2 to 3 per cent, but competitors would need 10 per cent a year two years running to break even, he claimed.

On household insurance, Mr Wood said: "Competitors will have to come down to compete with us." Direct Line's rates were static, it had good reserves and had provided well for subsidence claims caused by last year's drought.

Dr George Mathewson, chief executive of the parent bank, said the Royal and Sun Alliance merger marked "the beginning of a process of strategic consolidation in the UK general insurance market which will cut capacity and ensure the survival of only the most efficient players". Direct Line has increased its

market share and raised its efficiency during the price war, so the operating cost per policy fell £6 to £45, Mr Wood said. But falling rates cut premium income £2m to £30m.

The most dramatic effect

of the price war was a fall of more than a quarter in new household and motor policies taken on compared with a year earlier, as Direct Line restrained itself from chasing unprofitable business.

A number of the 9,000 names who faced paying the maximum £100,000 premium into Lloyd's special reinsurance vehicle, Equitas, in order to cover all their old loss-making liabilities, will now find the cap halved to £50,000.

But Lloyd's sources said the extra funds would be spread around nearly all the names on

the

settlement package in July. If names support the rescue, Lloyd's, which has lost over £80m in the last five years, will be able to cut itself loose from all its pre-1993 policies, forming a New Lloyd's to trade profitably into the future.

throughout the disastrously loss-making years, arguing that the focus of funds for assisting a settlement was too much in favour of litigating "won't pay" names.

Lloyd's has reached agreement in principle with the Department of Trade and Industry over the reserving requirements for Equitas, the result of which is that instead of needing an extra £1.2bn from names in final premiums, the amount will be just under £1bn.

In addition, Lloyd's negotiations with market professionals have enabled it to increase the £2.8bn pot for easing the settlement cost to names by at least a further £300m. Lloyd's is also near agreement with banks on a syndicated loan worth around £250m that it will keep as a standby facility.

The final individual statements on the Equitas premiums will be sent out in mid-June, with a vote on whether to accept the settlement package in July. If names support the rescue, Lloyd's, which has lost over £80m in the last five years, will be able to cut itself loose from all its pre-1993 policies, forming a New Lloyd's to trade profitably into the future.

## Industry confirms sharp orders decline

DIANE COYLE  
Economics Editor

Six out of 11 regions of the UK suffered a sharp drop in manufacturing orders in the four months to April. Production was either static or down in seven regions, confirming recent figures indicating stagnation in industry.

The weak results of the latest survey by the Confederation of British Industry and the consultancy Business Strategies Limited came as Kenneth Clarke, Chancellor of the Exchequer, and Eddie George, Governor of the Bank of England, held their monthly meeting yesterday. The two appeared to have decided to leave base rates unchanged for the time being.

However, in a further sign of the split between the fortunes



Premium service: Peter Wood, Direct Line founder

# business

## Whitbread finds life after beer

### THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Perceptions are slow to change and Whitbread will no doubt be seen as a brewer for years to come. Actually, it is a retailer, increasingly of food rather than booze, and a leisure company that, among other claims to fame, is Britain's leading golf course operator.

In the year to March, brewing accounted for less than 15 per cent of group profits, slightly less than the profit contribution of the tied pub estate. Restaurants and leisure, where the portfolio includes the Beefeater chain, the Marriott's UK hotels and David Lloyd Leisure, chipped in twice as much and managed pubs three times.

That balance is a reflection of Whitbread's success in managing the transition from a declining, competitive market to a range of fast-growing areas with potential to provide growth for years to come. One analyst calculates that the changes mean Whitbread is now more exposed to consumer recovery than any of its brewing rivals.

Another attraction of Whitbread lies in its ability to take advantage of better trading conditions by investing heavily in its growth areas. In the year to March capital investment of £345m swamped depreciation of only £93m.

Although cash flow appeared to show a chunky £378m outflow during the period, adding back that excess capital spend and the cost of businesses acquired during the year confirmed that Whitbread's underlying businesses are nicely cash-generative.

That gives it plenty of firepower to both grow organically and make acquisitions, although it poured water yesterday on the market's more outlandish rumours. Certainly the evidence of recent purchases is encouraging.

Buying Marriott's UK chain seems to have caught an upturn in the hotel cycle at just the right moment. Occupancy in the six months since acquisition was 5 percentage points higher than in the comparable period at 75 per cent and room rates were nicely ahead.

Most impressive, however, is the way Whitbread has outperformed modest improvements in its markets. In the last two years its share of the UK beer market has risen from 13.2 per cent to 14.3 per cent, with growth in the high-margin premium beers sector especially strong. On-trade sales rose slightly compared with a small market decline, while take-home sales, up 15 per cent, left a 7 per cent market rise standing.

Since we described the shares, somewhat harshly, as a good safe investment six months ago, they have risen from 62p to 738p yesterday, down 8p after some profit-taking. On the basis of forecast profits of £320m this year and £34m to March 1998, the shares

stand on a prospective price/earnings ratio of 15 falling to 14. That is a premium to the market but, ahead of the expected consumer recovery, rightly so. Still good value.

### Sticky times for Tate & Lyle

Tate & Lyle's focused strategy is currently flavour of the month in the City and, under the chairmanship of Sir Neil Shaw, it has helped to create the world's biggest sweeteners group. But sticking to its knitting means that Tate remains heavily exposed to the commodity cycle, as yesterday's profits warning illustrates.

In January, Tate warned that profits in its Staley syrup and starch operation in the US would fall by more than \$50m this year. With the price of maize, a key ingredient, having doubled over the past 12 months and new capacity in the milling industry up 20 per cent or so this year, things look even worse. Analysts expect the contribution

from Staley, half the group's £311m profits in 1994/5, to halve this year to an underlying figure of just under £80m.

The market for Staley's high-fructose corn syrup continues to grow at over 4 per cent a year on the back of the apparently inexorable rise in the consumption of soft drinks like Coca-Cola. But that means it could take another three years for the over-capacity to be absorbed by the market. With world grain stocks at an all-time low at around 12 per cent of consumption, the outlook must be for the squeeze on Staley to continue into 1997.

So first-half results yesterday showing pre-tax profits up 10 per cent at £168m for the six months to 30 March are largely of historical interest. The figures did, however, bear the scars of the 1996 sale contracts negotiated by Staley with customers in January. Although matching forward maize contracts from future raw material rises, the margin from North American sweeteners and starches has still slumped from 11.7 per cent to 8.9 per cent in the first half.

The underlying rise in operating profits from 72m to 77.8m in Europe

was insufficient to offset the damage across the Atlantic. The promise of Tate is still in developing markets, whose returns should be "well into double figures" this year on an investment so far of £150m.

But that will make little difference to immediate problems. Profits of £300m this year would put the shares, down 14p at 462p, onto a forward multiple of 11. Unattractive for now.

### La Senza début attracts market

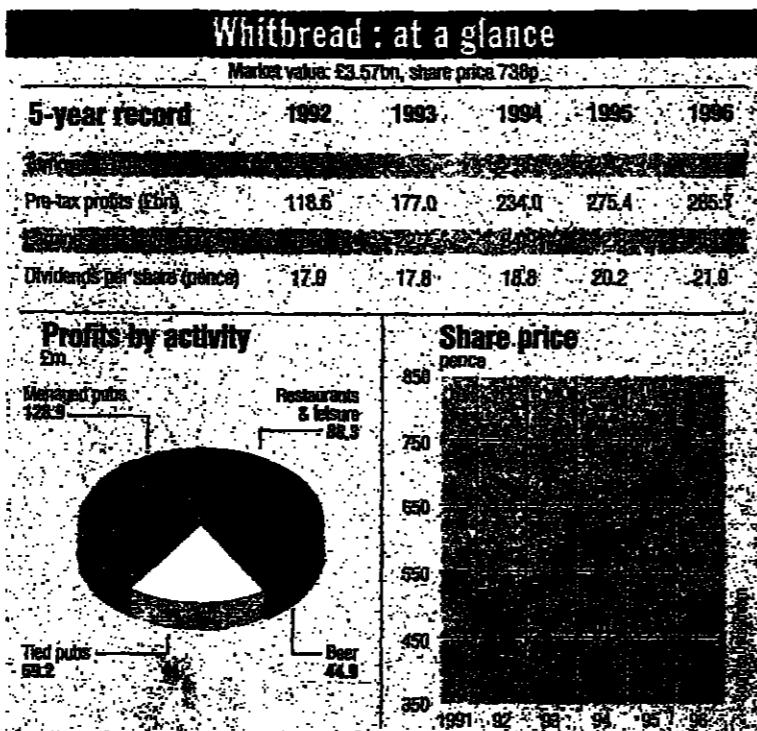
It may have been the pictures of scantily clad models draped across the financial pages of the national press that swung it. Or perhaps – just perhaps – it was the compelling investment story. Either way, shares in loss-making lingerie and nightwear specialist La Senza enjoyed a decent debut on the junior Alternative Investment Market yesterday, going to a 6p premium above their 150p offer price.

The placing of 13.3m shares valued £1.9m to fund expansion in the UK and further 152 outlets over the next five years compared with the 22 it has now. Quoted Canadian group Suzy Shier will retain a majority, 60.2 per cent, holding in the enlarged La Senza group, and provide most of the top brass with their proven track record.

Leaving aside the publicity material, La Senza has its attractions on fundamentals. With Marks & Spencer dominating the estimated £1.2bn British market, there ought to be plenty to go for, though competition is hotting up. Market research group Verdict estimates that consumer spending on women's underwear and sleepwear (including hosiery, which La Senza is also targeting) is set to grow by 28 per cent.

From a standing start two years ago, La Senza's sales are set to reach £22m in the year to 1 February 1997, with maiden profits of £2.3m pencilled in for the following year. The forward p/e would then fall from 35 to 15 in 1999, though the economic assumptions on which these projections are based are little more than educated guess-work.

Investors have always had a soft spot for concept retailers sporting aggressive roll-out programmes and bold profit projections. Some, like pub retailer JD Wetherspoon, surpassed the most optimistic forecasts; others, like computer games specialist Rhino, flopped after a warm reception. Shares in La Senza should go higher, but be prepared for a bumpy ride.



## Scrap that old image, I'm on the Internet now

### CITY DIARY

JOHN WILLCOCK



Goodbye to all that: Cable links supplant scrap heaps for Britain's 72nd richest person

Paul Sykes is Britain's 72nd richest person with a fortune worth £220m, according to a recent survey. Mr Sykes also announced a couple of weeks ago that he is standing as a Conservative Parliamentary candidate in Barnsley Central.

Mr Sykes made his fortune selling scrap metal, and latterly helped develop the Meadowhall shopping centre in Sheffield. According to his spokesman, though, he would now like to be described as "chairman of Planet Online, an Internet service provider."

No more horrid scrap metal for Mr Sykes, whose new company claims to have the UK's largest ISDN network, a type of cable link which can transmit voice and video. No more muck, just brass.

Peter Wood, chairman of Direct Line, may have been

smarting from the less than brilliant results he was reporting yesterday when he gave his own judgement on the recent Royal Life/Sun Alliance numbers: "They were fighting like cats over the Halifax account (for reinsurance), they cut each other's throats on prices and they ended up merging."

Kinetics, the independent gas marketing company set up six years ago by Conoco (UK) and PowerGen, is recruiting. It advertised yesterday for "a number of key analysts to bolster our 24 hour operations team ... The work will involve the daily matching of supply and demand, market monitoring, demand forecasting ... and so on."

Some unkink rivals were suggesting yesterday that this must have been prompted by the events of Saturday 9

An employee of WorldCover Direct, a travel insurance company, was on holiday in Thailand when he overheard a conversation in a Bangkok bar. A British drinker was boasting to his cronies that he was living with a prostitute and would claim the expense back on his travel insurance.

The boaster let slip that the company was WorldCover. Consequently WorldCover is now awaiting a bogus claim from a holidaymaker in Thailand.

"The only question is what category will it be under," says the WorldCover man. "Lost baggage, medical or false advertising."

## Zeneca sells loss-making dye business for £150m

MAGNUS GRIMOND

Zeneca, the drug group, is to sell its textile colours business to the German group BASF for up to £150m. The intention to dispose of the loss-making operation had been flagged at the time of Zeneca's preliminary results in March, but the price obtained pleased the market, sending the shares 6p higher to £13.73 yesterday.

Stewart Adkins of brokers Lehman Brothers described

the news as very positive. "The company was making no money or even a slight loss from the business, for which they are getting £138m and the working capital back. That should be good for earnings and, more importantly, leaves them able to concentrate on what they do best."

With the \$62m sale of the specialty inks business announced earlier this year, Zeneca has cleared out most of the poorly performing parts of

its specialities division, he added.

John Mayo, Zeneca's finance director, said in March that margins in specialities should rise from last year's 5.4 per cent to above 8 per cent following the disposals.

Explaining the latest sale yesterday, a Zeneca representative said the market for textile colours has been extremely competitive and very turbulent over recent years. "We have been looking at ways to improve

the performance of the business for some time and came to the conclusion it would be better off as part of a larger group."

Like BASF's existing operation, the Zeneca business is one of the six largest textile dye producers in the world. Together they will become the third largest group, behind Distar, created from the merger of Hoechst and Bayer of Germany, and Ciba of Switzerland.

The Zeneca business dates

from the formation of ICI, the drug group's erstwhile parent, in the 1920s. Its sales have been falling recently, dropping from £224m in 1993, to £213m in 1994 and just £202m last year, when it made "a small loss".

But Albrecht Müller, head of BASF's textile and leather dyes and chemicals division, said: "In the context of the strategic re-orientation of our textile dye business, merging the activities of BASF and Zeneca signifies an important step forward".

The company said the merger of the two businesses would considerably expand BASF's business in dyes for cellulosic fibres and greatly improve its position in other dye sectors.

The sale should throw up a substantial capital gain, given that the business had net assets of only £65m last year. The operations being transferred include sites at Ellesmere Port in the UK, Brazil and the US. Around 730 employees will move over to BASF.

### IN BRIEF

• Sir Neil Shaw, chairman of Tate & Lyle, warned of the imminent threat of world-wide food price inflation as a result of soaring cereals prices. Falling harvests and increased consumption meant no food processor or buyer of food would be unaffected over the next six months, he said. With world stocks of grain at historic lows of around 12 per cent of consumption, the situation was becoming critical. The world would have to rely on a bumper crop from US producers this summer. Tate & Lyle said profits from Staley, its US sugar and starch operation, would be hit this year by a doubling of maize prices.

• Nuclear Electric and Scottish Nuclear will have to pay an initial £8.57m into a separate fund to deal with disposal of waste and outdated nuclear power stations on privatisation, the Government said. Nuclear Electric will make an endowment of £1.57m and Scottish Nuclear £7m for the fund. Thereafter, Nuclear Electric will make annual payments of £1.2m and Scottish Nuclear £1m for 40 years. The payments are based on independent actuarial advice, calculated from the estimates of decommissioning costs available from British Energy. The Government said the prospectus for the sale of British Energy will contain estimates of waste disposal costs.

• Stanley Leisure confirmed its widely expected bid for Gus Carter, the North-east based chain of bookmakers. The terms provide an exit for shareholders at 93p, 16 per cent higher than the 80p at which the company came to the market a year ago. The 20 for 102 share swap offer has been recommended by Gus Carter's board. Together with members of the Trewthitt family, who also plan to accept the bid, they control 57 per cent of the shares. There is a full cash alternative at 93p.

• Mercury One-2-One, the Cable & Wireless mobile telephones subsidiary, has appointed Jan Peters, currently president of the wireless operations of US West, as managing director.

• Losses at Nynex Cablecomms, the second-largest UK cable operator, widened to £23m in the first quarter of 1996, from £21m last time, as the company continued to build out its TV and telephone franchises. John Killian, president and chief executive officer, said the results were encouraging in light of the aggressive pricing introduced for phone customers in the period. The company has now passed a total of 1.4 million homes, with a take-up rate of just under 20 per cent for cable TV and nearly 26 per cent for telephony.

• Adia of Switzerland is merging with Ecco of France to become the world's largest temporary employment company in a share and cash deal worth around £850m. The combined company will have annual sales of \$6.2bn and a market value of \$3.7bn. It will leapfrog Manpower of the US in the \$800m global temporary employment services market.

Bloomberg

• BTG has bought a 70 per cent stake in Beijing Greatwall Plastics, a joint venture which makes plastic containers in China. Separately, Norcross has acquired BTG's Dunlop Adhesives business and its interests in three joint ventures – Building Adhesives, Australian Building Adhesives and TAL Proprietary – for £17.3m cash.

• Volkswagen said pre-tax profits rose to Dm407m (£176m) in the three months to March, up from Dm166m in the comparable period last year. The company, however, expects only a slight rise in 1996 earnings and sales.

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THE INDEPENDENT  
section two

## Write-off and costs send News plunging

MATHEW HORSMAN  
Media Editor

News Corporation, Rupert Murdoch's master company, saw third-quarter profits plunge 69 per cent to \$59m (£39m), and blamed higher costs at satellite broadcaster Star TV and a \$152m write-off following the sale of HarperCollins's educational publishing arm to Pearson.

Operating profits before the write-off were 3 per cent lower at \$211m, on revenues 7 per cent ahead at \$2.3bn. The company pointed to the costs of rolling out Star TV, which recently became the second foreign satellite service in Japan. Distribution and programming costs were both higher in the period.

The newspaper outlook has been improved by a softening in the cover-price war and a fall in the rise of newsprint prices.

In the US, the company's Fox television stations saw operating profits jump by 25 per cent, but the Fox Broadcasting Company, which supplies programmes and marketing services for the network, posted lower earnings following a rise in licence fees and promotional spending.

The US and UK book pub-

lishing operation, HarperCollins, was boosted by several bestsellers, including *In Contempt*, by Christopher Darden, a member of OJ Simpson's defence team. But the US paperback market and the UK market generally were both soft, the company said.

HarperCollins sold its educational publishing arm to Pearson for \$757m in the quarter, saying it intended to concentrate on consumer and electronic

publishing. Anthea Disney, formerly editor-in-chief of News Corporation's *TV Guide*, was appointed the chief executive of HarperCollins earlier this year.

Yesterday, Turner Broadcasting System, owner of the news network CNN, said it was confident its \$7.5bn merger with Time Warner will survive regulatory scrutiny, despite reports over the weekend that the Federal Trade Commission was poised to block the deal.

Lucas rules out cash in Varsity merger

Michael Harrison

Shares in the car components group Lucas slid yesterday as it ruled out a cash bid from its rival Varsity, suggesting that any full-blown merger between the two will be an all-paper deal.

Lucas refused to comment on suggestions that its shareholders might be offered 60 per cent of the shares in the new enlarged group but analysts said that was roughly how the equi-

tive Lucas is vulnerable to a bid if the talks with Varsity, which are still at an early stage, fail to lead to a deal. Other suitors mentioned include the rival UK car components group, T&N.

A merger between Lucas and Varsity could be a good strategic fit. George Simpson, the outgoing chief executive of Lucas, has been saying for some time that the automotive industry will be dominated by fewer, larger players in the future and has publicly talked about Lucas doubling its automotive sales to £5bn.

Varsity is strong in the North American market – an area where Lucas has traditionally been weak.

In Kelsey-Hayes division is

# market report/shares

**DATA BANK**FT-SE 100  
3707.3 -15.7FT-SE 250  
4504.4 -21.1FT-SE 350  
1883.8 -8.2SEAQ VOLUME  
734.3m shares,  
32,572 bargainsGifts Index  
91.85 +0.26

SHARE SPOTLIGHT

Share price, price

500

480

460

440

420

400

380

360

340

320

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# A comfortable future for the British welfare state<sup>m</sup>

The welfare state is not in crisis. This week's announcements by the Social Security Secretary, Peter Lilley, and his Labour counterpart, Chris Smith, on the social security front addressed an unnecessary panic about what sort of welfare system Britain can afford.

This is not to say that there is no need for a debate about the fairness of the British social security system, about how to make it more efficient, and about setting the boundaries to people's entitlements. Quite the reverse.

But the UK is one of the few industrialised countries that does not have a looming crisis in paying for welfare, according to recent research by the Organisation for Economic Co-operation and Development. As Mr Smith emphasised this week, there is no "demographic time-bomb" threatening these islands.

Nor is there any evidence that the lack of a pension problem is just because the existing system is mean. Compared with their counterparts in some other industrial nations, relatively few British pensioners are living in poverty.

Two observations have triggered fears that the Western industrialised countries will buckle under the burden of the post-War welfare state. One is the phenomenal growth in social security spending by the governments of all industrial countries during the past two decades.

The other is the rapid ageing of their populations, increasing the number of pensioners, longer-lived and possibly ailing, who will have to be supported by taxes levied on a shrinking workforce.

Social security spending has risen sharply relative to the size of the



ECONOMIC VIEW  
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economy in all the rich countries during the past 20 years. The UK is among them: as a percentage of GDP (excluding unemployment benefits) social security spending climbed from 8.8 per cent in 1975 to 12.2 per cent by 1993. The proportions ranged from 10.1 per cent in the US to 23.6 per cent in France in the same year. It is no surprise that governments have become concerned about the apparently inexorable upward trend.

Changes in the age structure of the British government is likely to be significantly less in debt than most other OECD countries. The government debt to GDP ratio is forecast at 46.5 per cent, lower than any other OECD country apart from Australia. Belgium, at the other end of the scale, will be staggering under a 124.8 per cent ratio.

On top of this head start, Britain

multiplied the ratio for Japan sixfold to 300 per cent.

However, on existing policies here, the UK's net government debt to GDP ratio is likely to fall. This benign outlook is thanks to the interaction of three phenomena: a favourable starting point in terms of government finances; a less rapidly ageing population; and state pensions that are less generous than elsewhere.

By the turn of the century the British government is likely to be significantly less in debt than most other OECD countries. The government debt to GDP ratio is forecast at 46.5 per cent, lower than any other OECD country apart from Australia. Belgium, at the other end of the scale, will be staggering under a 124.8 per cent ratio.

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However, the favourable British position is not the result of giving pensioners a bad deal, unless this is judged by comparison with generous Continental pension systems. A separate OECD report\* shows that in 1986 the disposable income of households headed by a male pensioner averaged 66 per cent of the income of households headed by a working man of the same age, and was the same as the average income of all households. Only 4 per cent of households with a low income were headed by people over 55.

Of course, these figures ignore the significant post-1986 changes in pensions. But government transfers account for only slightly more than two-fifths of income for people over 60. Company pensions, other earnings and investment income make up the majority of income for the average pensioner. The changes to state pension provision in the UK have made public sector financing of the current position of the elderly sustainable.

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will see a smaller increase in the number of dependent elderly because the baby boom here was less pronounced than in many other countries. The old-age dependency ratio – the ratio of the elderly to the working-age population – will increase a little between 2020 and 2035, but at just over 40 per cent will be lower than in most other industrial nations.

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